

RESOLUTION NO. (2016) _____

A RESOLUTION ADJUSTING, REBATING OR REFUNDING PENALTIES, EXEMPTIONS AND RELIEVING INTEREST FOR LATE LISTING OF PROPERTY FOR AD VALOREM TAXES

WHEREAS, pursuant to G.S. 105-312, a 10% penalty was assessed against the property owners listed below for failure to list their taxable property during the regular listing period; and,

WHEREAS, each of said property owners has shown to the satisfaction of the City Council that their failure to list on time was excusable;

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RALEIGH:

Section 1. That the City/County Tax Collector and/or the City Revenue Collector are authorized and directed to correct the tax records by making appropriate entries thereon that such penalties are rebated or refunded by order of the City Council:

<u>YEAR</u>	<u>TAXPAYER</u>	<u>ACCT. NO.</u>	<u>VALUE</u>	<u>DECISION</u>
2014	Euro Motors of NC, LLC	6804905	\$283.79	100% Relief
2015	Euro Motors of NC, LLC	6804905	\$206.16	100% Relief
2016	Euro Motors of NC, LLC	6804905	\$86.58	100% Relief
2010	Express Food Group, LLC	6159068	\$3,660.62	No Relief
2011	Express Food Group, LLC	6159068	\$3,382.05	No Relief
2012	Express Food Group, LLC	6159068	\$2,259.64	No Relief
2013	Express Food Group, LLC	6159068	\$1,370.38	No Relief
2014	Express Food Group, LLC	6159068	\$737.71	No Relief
2015	Express Food Group, LLC	6159068	\$387.59	No Relief
2015	NCI Building Systems, Inc.	6802969	\$248.72	100% Relief
2016	Pujakrupa, Inc.	6660244	\$95.68	100% Relief
2013	TCDC Partnership, LLC	6795009	\$54.02	No Relief
2014	TCDC Partnership, LLC	6795009	\$49.02	No Relief
2016	Yoginkrupa, Inc.	6495423	\$25.80	100% Relief

Adopted: _____, 2016

Distribution: Finance Director
Wake County Revenue
Transcription Services

COUNCIL MINUTES

The City Council of the City of Raleigh met in a regular session at 1:00 p.m. on Tuesday, March 15, 2016 in the City Council Chamber, Room 201 of the Raleigh Municipal Building, Avery C. Upchurch Government Complex, 222 W. Hargett Street, Raleigh, North Carolina, with the following present.

Mayor Nancy McFarlane, Presiding
Councilor Mary-Ann Baldwin
Councilor Corey D. Branch
Councilor David Cox
Councilor Kay C. Crowder
Councilor Bonner Gaylord
Councilor Russ Stephenson
Councilor Dickie Thompson

Mayor McFarlane called the meeting to order and invocation was rendered by Reverend Tom Harris, Saint Andrews Presbyterian Church. The Pledge of Allegiance was led by Council Member Cox.

The following items were discussed with action taken as shown.

RECOGNITION OF SPECIAL AWARDS

PROCLAMATION – TEDxRALEIGH DAY - PROCLAIMED

Mayor McFarlane read a proclamation proclaiming Saturday, March 19, 2016 as TedxRaleigh Day in the City of Raleigh. She explained TED is a nonprofit devoted to spreading innovative ideas that change attitudes, lives and ultimately the world, usually in the form of short, powerful talks less than 18 minutes. TED began in 1984 as a conference where technology, entertainment and design converged and has grown to cover almost all topics from science to business to global issues. She talked about the participation. The proclamation was received by Kevin Snyder, Curator for the TEDxRaleigh who expressed appreciation for the proclamation and invited all Council Members to attend the upcoming event.

RECOGNITION – PARKER POE - ANNOUNCED

Mayor McFarlane pointed out Parker Poe is celebrating it's 50th year in Raleigh and has a long standing tradition of community services in many forms including participation of members on several boards, commissions and public offices. As a part of their on-going community service in Raleigh, over the 5 decades Parker Poe has donated \$2,500 towards the renovation of Moore Square and worked with the Raleigh City Museum on an exhibit about the history of the firm and donating \$2,500 to the Friends of the City Museum. The recognition was accepted by Parks, Recreation and Cultural Resources Director Diane Sauer and Kevin Chignel, Managing Partner from Parker Poe.

AGENCY GRANTEE PRESENTATION**AGENCY GRANTEE PRESENTATION – THE HOPE CENTER AT PULLEN - RECEIVED**

Stacy Bluth, The Hope Center at Pullen, was at the meeting to give highlights of their program pointing out they serve 140 young people between the ages of 13 and 25, mostly at risk or young people who have aged out of the foster system. She stated that is the group that is most often found in jail, pregnant or homeless. She pointed out last year they housed 30 children under the age of eight explaining there are children of the population they serve. She pointed out they have partnered with others in the community including Wake Tech, Wake Human Services, PLM Families Together, etc., working on housing, education, building support networks etc., for the people they serve. She pointed out 90% of the young people they serve were housed compared to about 40% nationally; 65% were enrolled in post education compared to 8% nationally and as of yesterday 100% of their 24 years old were employed as compared to 20% nationally. She stated they could not have done this without the support of the City of Raleigh pointing out they started off very small and the City believed in them. She talked about the human service mentoring and internship programs they have been able to establish as well as the work made possible through the enhancement grants. She stated last week the Hope Center at Pullen along with six other similar groups were awarded a \$1M grant from GSK and talked about what that will enable the groups to do. She expressed appreciation to all involved.

CONSENT AGENDA**CONSENT AGENDA – APPROVED AS AMENDED**

Mayor McFarlane presented the consent agenda indicating all items are considered to be routine and may be enacted by one motion. If a Councilor requests discussion on an item, the item will be removed from the consent agenda and considered separately. Mayor McFarlane explained the vote on the consent agenda will be a roll call vote. Mayor McFarlane stated she had received a request from Mr. Gaylord to withdraw the item relating to an encroachment request 223 South West Street. Without objection, that item was withdrawn from the consent agenda. Mr. Thompson moved approval of the consent agenda as amended. His motion was seconded by Ms. Baldwin and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. The items on the Consent Agenda were as follows.

ANNEXATION PETITION – 9600 FONVILLE ROAD – REFERRED TO CITY CLERK TO CHECK SUFFICIENCY AND SCHEDULE PUBLIC HEARING FOR APRIL 19, 2016

The agenda presented the following petition for annexation.

<u>AREA NAME AND DISTRICT</u>	<u>PETITIONER</u>	<u>ACRES</u>	<u>PROPOSED USE</u>
<u>Contiguous Petition:</u>			
Taylor-Long Residence 9600 Fonville Road (A)	Ruth Ann Long	0.97	Residential

Recommendation: Acknowledge the annexation petition and direct the City Clerk to check the sufficiency of the petition pursuant to State statute and, if found sufficient, authorize advertisement for public hearing to be held on April 19, 2016. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

COMMUNITY DEVELOPMENT ANNUAL ACTION PLAN – PUBLIC HEARING AUTHORIZED FOR APRIL 5, 2016

The U.S. Department of Housing and Urban Development (HUD) requires entitlement communities under the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and Emergency Solutions Grant (ESG) programs to hold two public hearings annually. The first hearing occurs at the beginning of the process associated with the preparation of the five-year Consolidated Plan or Annual Action Plan in order to obtain citizen views on housing and community development needs, including priority non-housing community needs. The City held that hearing on December 1, 2015. The second hearing is held prior to the May submission of either the Consolidated Plan or Annual Action Plan to HUD.

Recommendation: Authorize a public hearing to be conducted April 5, 2016. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

POLICE – CRASH RECONSTRUCTION EQUIPMENT GRANT – ACCEPTED – BUDGET AMENDED

The City has been awarded \$11,250 in grant funding from the National Highway Traffic Safety Administration to purchase equipment that will assist the Crash Reconstruction Unit with the investigation and adjudication of very serious and/or fatal motor vehicle crashes, and to provide continuing education for staff assigned to the unit. The City match amount for the grant is \$3,750; a budget amendment totaling \$18,750 is necessary to appropriate the grant funding and the grant match. The grant was administratively approved by the Grants Committee December 17, 2015.

Recommendation: Authorize the City Manager to execute grant documentation and authorize a budget amendment in the amount of \$18,750. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes. See Ordinance 553 TF 271.

FIRE STATION 14 – DESIGN CONTRACT AWARDED TO STEWART COOPER NEWELL ARCHITECTS, PA

Fire Station 14 is currently located on Lake Boone Trail but is scheduled to be replaced and, in conjunction with that replacement, will be relocated to a site at 3504 Harden Road. Stewart Cooper Newell Architects, PA is in the process of performing preliminary site evaluation work, including building location layout for Fire Station 14. The site for construction has been acquired by the City. In order to provide cost savings, the consultant is developing an option to consider utilizing the building footprint of the design from Station 12, provided the footprint can be accommodated on the site. It is now necessary to proceed with professional design services for design, permitting, bidding, and construction administration services for Fire Station 14.

Contract negotiations with Stewart Cooper Newell Architects, PA for professional design services associated with replacing Fire Station 14 have resulted in a proposed contract amount of \$474,540. Funding for the design of the replacement of Fire Station 14 was appropriated in the capital budget.

Name of Project:	Fire Station 14 Replacement
Managing Division:	Public Works – Construction Management
Reason for Council Review:	Professional services contract >\$150,000
Original CIP Budget:	\$7,216,718
Vendor:	Stewart Cooper Newell Architects, PA
Budget Transfer:	Administrative
Prior Contract Activity:	\$51,500 (Includes evaluations for multiple fire station design and sites)
Encumbered with this approval:	\$474,540

Recommendation: Authorize the City Manager to execute a contract in an amount not to exceed \$474,540. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

FIRE STATION 11 RENOVATIONS – STEWART COOPER NEWELL ARCHITECTS, PA – AMENDMENT #1 – APPROVED

Stewart Cooper Newell Architects, PA has completed conceptual and preliminary designs for renovations to Fire Station 11, located at 2925 Glenridge Road. Improvements to the station include waterproofing; replacement and upgrades to the existing HVAC systems; electrical system and life safety building code improvements; and replacement of the communications tower. This amendment is for proceeding with final design, permitting, bidding, and construction administration services.

Contract negotiations have been concluded with Stewart Cooper Newell Architects, PA for professional design services, in an amount not to exceed \$192,185.

Name of Project:	Fire Station 11 Design Services Contract
Managing Division:	Public Works – Construction Management
Reason for Council Review:	Contract amendment >\$150,000
Vendor:	Stewart Cooper Newell Architects, PA
Original CIP Budget:	\$450,000
Prior Contract Activity:	\$88,796
Budget Transfer:	Administrative
Amendment One:	\$192,185
Encumbered with this approval:	\$280,981

Recommendation: Authorize the City Manager to execute the contract amendment one in an amount not to exceed \$192,185. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

PARATRANSIT SHARED MOBILITY MANAGEMENT SERVICE – INTERLOCAL AGREEMENT WITH WAKE COUNTY – MANAGER AUTHORIZED TO EXECUTE

The GoRaleigh Americans with Disabilities Act compliant paratransit program, GoRaleigh Access (formerly Accessible Raleigh Transportation, or ART), has partnered with Wake County to develop a para-transit service model referred to nationally as Mobility Management. Through the execution of a contract for mobility management services and accompanying technology, the GoRaleigh Access program continues to improve paratransit program oversight and passenger convenience. Through an interlocal agreement with Wake County, the GoRaleigh Access program utilizes the services of Ride Right, LLC; Ride Right provides a general manager and an appropriate level of staffing to support the defined mobility management activities. The initial contract began in the last half of FY2014. FY2016 marks the second full year of implementation, and includes program elements described below:

- Contractual arrangement with Wake County for the use of a shared mobility management contractor to schedule all GoRaleigh access trips, as well as Wake County paratransit trips and providing contractor oversight.
- Utilize the GoRaleigh facility located at 1430 South Blount Street for the mobility management team and select service providers. Basic improvements to the facility are underway; this includes rehabilitation of staff parking areas and the renovation of maintenance areas.
- The use of a single phone number and dispatch office to handle all incoming calls regarding trip status and cancellations during GoRaleigh service hours.
- The use of hosted ride scheduling software; the software will eventually be accessible by vendors and will communicate with contracted vehicles.
- The use of automated vehicle location (AVL) technology to track vendor vehicles to ensure productivity, provide complaint resolution and validate performed trips as they occur.
- An interactive voice response (IVR) system utilized to improve client information. This system provides courtesy calls to clients the night before a scheduled trip and notifies the client by call that they are next in queue for pickup.

Funding for the agreement is available from eligible grant funding; the local share commitment is 20 percent or \$53,053.

Name of Project:	Wake County Shared Transportation Resources
Managing Division:	Public Works – Transit
Request Reason:	Interlocal Agreement
Original CIP Project Budget:	N/A
Vendor:	Wake County
Prior Contract Activity:	N/A
Budget Transfer:	N/A
New Project Budget:	\$265,265
Currently Encumbered:	\$0
Amount of this Contract:	\$265,265
Encumbered with this Approval:	\$265,265

Recommendation: Authorize the City Manager to execute the interlocal agreement in an amount not to exceed \$265,265. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

PUBLIC UTILITIES - NEUSE RIVER, SYCAMORE CREEK, GREEN SPRING VALLEY AND CRABTREE CREEK PUMP AND LIFT STATION UPGRADES – SOLE SOURCE PROCUREMENTS – APPROVED

Three capital maintenance projects are nearing the bid stage process. The projects include the Neuse River Pump Station Improvements Project (Phase 2); the Sycamore Creek Pump Station Upgrade; the Green Spring Valley Pump Station Replacement project; and the Crabtree Creek Lift Station Expansion project. Sole Sourcing or limiting competition on certain plant components and construction work will offer certain benefits and cost savings to the City that other manufacturers or vendors cannot offer. The City is allowed by state statute (GS 143-129 (e)(6)) to waive competitive bidding when the need for standardization and compatibility is an overriding consideration.

It is recommended that the following vendors be sole sourced for the various projects, as identified:

CITI – Instrumentation, Control System Integration Services

- Neuse River PS Improvements Project (Phase 2):
 - The negotiated cost is \$11,427.
- Sycamore Creek PS Upgrade and Green Spring Valley PS Replacement Project:
 - The negotiated cost is \$124,700.
- Crabtree Creek Lift Station Expansion Project:
 - The negotiated cost is \$138,120.

Fairbanks Morse Pump represented by ClearWater, Inc.

- Neuse River PS Improvements Project (Phase 2):

- The negotiated cost is \$101,535. It is also requested to approve the direct purchase of Fairbanks Morse Pump Number Four from ClearWater, Inc. which is the only Fairbanks Morse supplier available.

Cornell Pump Company – Vertical Coupled Solids Handling Pump

- Sycamore Creek PS Improvements:
 - The estimated cost is \$42,000.

Smith & Loveless – Wetwell Mounted PS

- Green Spring Valley PS Replacement:
 - The estimated cost is \$95,400.

Recommendation: Authorize sole source procurement of the equipment and services specified for the associated capital improvement projects, and authorize the execution of contracts with each vendor in amounts not to exceed as identified above. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

CAPITAL BOULEVARD BRIDGE REPLACEMENT – UTILITY AGREEMENTS WITH NCDOT – APPROVED

The North Carolina Department of Transportation (NCDOT) is currently conducting planning, environmental, and design studies for the proposed project to replace the bridges at the Capital Boulevard interchanges at Peace Street and Wade Avenue. During the planning phase of this project, alternatives are being studied that replace the bridges with new bridges in similar configurations in different styles of interchange configurations. The bridge on Capital Boulevard over Peace Street was built in 1948 and has a sufficiency rating of 44.9 out of a possible 100. The bridge on Capital Boulevard at Wade Avenue was built in 1954, has a sufficiency rating of 34.1, and is posted with a weight limit. Both bridges are classified as "structurally deficient" due to age. While the existing bridges are still adequate to support traffic, they are nearing the end of their design lives and need to be replaced in a timely manner.

NCDOT is coordinating with the City, to include coordination with the Capital Boulevard Corridor Study approved in August 2012. The bridge replacement projects will not restrict the City from completing future projects that fulfill the long-term vision for this area.

Staff has been working with the NCDOT regarding water and sewer infrastructure replacements as part of the bridge work, as well as road improvements on and around Capital Boulevard. Several water and sewer lines will be relocated and replaced as a part of this project, including a 24-inch sanitary sewer interceptor. The amount of the agreement was \$5,201,858.

Recommendation: Authorize the City Manager to execute the agreement. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

BRENTWOOD ESTATES SEWER IMPROVEMENTS – CONTRACT AWARDED TO THE WOOTEN COMPANY

On September 16, 2015, 10 proposals were received for the Brentwood Estates Sewer Project. The project is located along a tributary to Marsh Creek between New Hope Church Road and the dead end of Long Bow Drive for a distance of 6,100 feet. This contract will provide Phase I professional engineering services for pipe condition and capacity assessment resulting in a report with recommendations for rehabilitation and/or replacement. Phase II efforts for preliminary and final design of the recommendations will be performed under a future amendment to this contract.

Name of Project:	Brentwood Estates Sewer Improvements Project
Managing Division:	Public Utilities – Capital Improvements Management Division
Approval request:	Contract award
Reason for Council Review:	RFQ selection
Original CIP Budget:	\$584,000
Vendor Name:	The Wooten Company
Prior Contract Activity:	N/A
Encumbered with this approval:	\$130,000

Recommendation: Authorize the City Manager to execute the contract in an amount not to exceed \$130,000. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

PUBLIC UTILITIES - WASTEWATER TREATMENT MASTER PLAN – CONTRACT WITH BLACK AND VEATCH – APPROVED – BUDGET AMENDED

On August 28, 2015, three proposals were received for professional engineering services for the Wastewater Treatment Master Plan. This project involves an assessment of existing wastewater treatment capacity throughout the service area, along with evaluations of future wastewater treatment options for a 30-year planning window. This master plan was included in the approved FY16 Capital Improvement Program.

Public Utilities staff evaluated the proposals, conducted interviews, and selected Black and Veatch as the most qualified consultant to complete this work. A contract has been negotiated in the amount of \$532,153. A budget transfer in the amount of \$532,153 is necessary; accounting details were included with the agenda packet.

Name of Project:	Wastewater Treatment Master Plan
Managing Division:	Public Utilities – Capital Improvements Management Division
Approval request:	Contract award
Reason for Council Review:	Contract >\$150,000
Original CIP Budget:	\$400,000
Vendor Name:	Black and Veatch

Prior Contract Activity: N/A
Encumbered with this approval: \$532,153

Recommendation: Authorize the City Manager to execute a contract in an amount not to exceed \$532,153; authorize the necessary associated budget transfer. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes. See Ordinance 553 TF 271.

CELLCO PARTNERSHIP/2651 SOUTHALL ROAD – LEASE AGREEMENT AUTHORIZED

A lease agreement has been negotiated with Cellco Partnership d/b/a Verizon Wireless (referenced to herein as the “Tenant”) that will lease space on City-owned property located at 2651 Southall Road, site of Fire Station 21. The lease agreement will be for the purpose of allowing the Tenant to install cellular telecommunications equipment on the Duke Energy transmission tower and the site. The lease is for \$10,800 per year with a three percent annual increase at the beginning of each year over the rent for the previous year during the ten-year term. Published notice of intent to authorize the lease was made in the News & Observer on February 13, 2016, in accordance with statutory requirements.

Recommendation: Authorize the City Manager to execute the lease agreement. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

ENCROACHMENTS – 3128 HIGHWOODS BOULEVARD AND NORTH WILMINGTON/SOUTH WILMINGTON AND CAPITAL CENTER DRIVE – APPROVED CONDITIONALLY

The agenda represented the following encroachment requests:

3128 Highwoods Boulevard

A request has been received from Level 3 Communications to install fiber optic cable located in the right-of-way of Highwoods Boulevard. A report was included with the agenda packet.

North Wilmington, South Wilmington, and Capital Center Drive

A request has been received from Fiber Technologies Networks, LLC to install 4,728 feet of fiber optic cable in the right-of-way. A report was included with the agenda packet.

Recommendation: Approve the encroachment subject to completion of a liability agreement and documentation of proof of insurance by the applicant. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes.

BUDGET AMENDMENTS AND TRANSFERS – VARIOUS – APPROVED

A budget amendment is needed to appropriate insurance proceeds in the equipment fund in the amount of \$90,944. In fiscal year 2016, 29 city vehicles have been declared a total loss as the result of accidents; the Risk Management office has settled all claims. The appropriations will be used for to procure replacement vehicles.

Recommendation: Authorize the budget amendment in the amount of \$90,944. Accounting detail was included with the agenda packet. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes. See Ordinance 553 TF 271.

CONDEMNATION – SUNNYBROOK ROAD REUSE WATER TANK SITE - 245 SUNNYBROOK ROAD – RESOLUTION ADOPTED

The Public Utilities Department is managing a capital improvement project to address the need for the Sunnybrook Road Reuse tank to be drained, cleaned, and maintained on a more regular basis due to the low turnover in the reuse system at this location. The project will help maintain reuse water quality and minimize treatment costs.

Due to title issues that prevent the City from acquiring clear title to the necessary easement interests by deed, it is recommended that a resolution of condemnation be authorized for the following property:

PROPERTY OWNER**ADDRESS**

Maximus E. Frederick

245 Sunnybrook Road

Recommendation: Adopt a resolution of condemnation. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes. See Resolution 273.

TRAFFIC – SPEED LIMIT REDUCTION – ASHLEY RIDGE DRIVE, COXINDALE DRIVE AND VALLEY STREAM DRIVE – ORDINANCE ADOPTED

It is recommended that the speed limit be reduced from 35 mph to 25 mph on Ashley Ridge Drive, Coxindale Drive, and Valley Stream Drive. Valley Stream Drive is classified as a Neighborhood Street. Ashley Ridge Drive and Coxindale Drive are classified as Neighborhood Local. All three streets are constructed to typical residential street standards. This request meets the requirements of the adopted Neighborhood Traffic Management Program. A signed petition has been received by staff representing at least 75 percent of the residents or property owners along each street in support of the speed reduction request.

Recommendation: Approve as recommended and authorize the appropriate changes in the traffic code was included with the agenda packet. Upheld on Consent Agenda Thompson/Baldwin - 8 ayes. See Ordinance 554.

END OF CONSENT AGENDA

ENCROACHMENT – 223 SOUTH WEST STREET – APPROVED CONDITIONALLY

A request has been received from Kane Realty Corporation to install temporary shoring, specialty pavers, light poles, tree grates, bike racks, trash cans, building foundations to support existing wall, grease traps, 19 linear feet of 15-inch reinforced concrete pipe for roof drainage, balconies, metal and fabric awnings, canopies, and sconces in the right-of-way. The site plan for the project was recently approved as part of the development permitting process. A report was included with the agenda packet.

Recommendation: Approve the encroachment subject to completion of a liability agreement and documentation of proof of insurance by the applicant.

Mr. Gaylord stated he had withdrawn this from the Consent Agenda as he needs to be reclusive from voting. Ms. Baldwin moved Mr. Gaylord be excused from participation on the encroachment at 223 South West Street. Her motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

Ms. Baldwin moved approval of the encroachment as outlined. Her motion was seconded by Mr. Branch and put to a roll call vote which resulted in all members voting in the affirmative except Mr. Gaylord who was excused from participation. The Mayor ruled the motion adopted on a 7-0 vote.

REPORT AND RECOMMENDATION OF THE PLANNING COMMISSION

REZONING Z-27D-14 – CITYWIDE REMAPPING – REFERRED TO WORK SESSION SCHEDULED FOR MARCH 28, 2016

This is a request to rezone property to apply Unified Development Ordinance Districts.

The Planning Commission recommends approval of rezoning per attachment two; for all but one item, Planning Commission's zoning recommendations are less restrictive than the zoning advertised for the July 7, 2015 and July 21, 2015 Public Hearings and require a new Public Hearing be held before Council decision. City Council may schedule Z-27D-14 for Public Hearing or refer it to committee or work session for further discussion.

Planning Commission Chair Schuster explained these relate to the properties which were pulled out during the remapping discussion process. He pointed out the Planning Commission went through each of the cases individually, looked at any and all new information and voted independently on each location.

Mayor McFarlane pointed out it may be best to have a work session to consider the various locations before going to public hearing. City Manager Hall pointed out if the Council would

like to schedule a UDO work session we could do something at 1:00 or 4:00 on one of the Mondays in March or April.

Ms. Baldwin moved that Z-27D-14 be referred to a work session to be scheduled at 4:00 p.m. on March 28, 2016. Her motion was seconded by the Mayor and put to a vote which passed unanimously. The Mayor ruled the motion adopted on an 8-0 vote.

TC-3-16 – HISTORIC OVERLAY DISTRICTS – PUBLIC HEARING AUTHORIZED FOR APRIL 5, 2016

This is a request to amend Part 10A of the Unified Development Ordinance, in Streetside Historic Overlay Districts, to remove the review of color and to clarify that alleys are not “streets” for the purpose of this section of the Unified Development Ordinance. Additionally, the text change amends and corrects other sections of the Part 10A Unified Development Ordinance relating to administration of Certificates of Appropriateness regarding height and setbacks, the appeals process, and the process diagram.

The Planning Commission recommends approval of the request. Staff suggests a public hearing date of April 5, 2016.

Planning Commission Chair Schuster pointed out this is a technical change which was initiated by the Historic Development Commission. Ms. Baldwin moved approval of the April 5, 2016 public hearing. Her motion was seconded by Mr. Branch and put to a vote which passed unanimously. The Mayor ruled the motion adopted on 8-0 vote.

REZONING Z-34-13- HILLSBOROUGH STREET – PUBLIC HEARING AUTHORIZED FOR APRIL 5, 2016

This is a request to rezone property from Residential-10 (R-10) [northern portion] and Residential-4 (R-4) [southern portion], to Residential-10-Conditional Use (R-10-CU).

The proposal is consistent with the Future Land Use Map, Urban Form Map, and pertinent policies of the Comprehensive Plan. The proposed rezoning is reasonable and in the public interest. Conditions exceed code in addressing storm water runoff, and support transit use on the Hillsborough Street corridor. The proposal is compatible with the surrounding area. Building type height caps are comparable to those of adjoining properties. On-site stream course and tree conservation areas will serve to buffer neighboring low-density parcels from site development.

The Planning Commission recommends approval of the request. Staff suggests a public hearing date of April 5, 2016.

Planning Commission Chair Schuster indicated this case has had several extensions and the last time it was before Council, he promised he would not request any further extensions. He talked about the comments from the neighborhood and the fact that the applicant had added a condition relating to 25 year floods to start addressing the concerns of the community. He talked about the

discussions that had taken place to this point and work that may be needed. Ms. Crowder expressed appreciation to the Planning Commission and all involved for their work on this project. Mr. Gaylord moved approval of the April 5, 2016 public hearing. His motion was seconded by Ms. Baldwin and put to a vote which passed unanimously. The Mayor ruled the motion adopted on an 8-0 vote.

REZONING Z-46-15 – WEST LENOIR STREET – PUBLIC HEARING AUTHORIZED FOR APRIL 5, 2016

This is a request to rezone property from RX-3 to Industrial Mixed Use, 4 stories, with Urban Limited frontage and conditions (IX-4-UL-CU).

The proposal, though inconsistent with the Future Land Use Map, is consistent with pertinent policies of the Comprehensive Plan. The proposed rezoning is reasonable and in the public interest. The proposal would allow for the development of a mix of uses consistent with the Downtown West Gateway Plan and the Saunders North Area Redevelopment Plan. The proposal is compatible with the surrounding area. Conditions provide a range of measures to mitigate impacts on adjacent and surround uses, including limits on uses, noise and development intensities.

The Planning Commission recommends approval of the request. Staff suggests a public hearing date of April 5, 2016.

Planning Commission Chair Schuster presented the case. Ms. Crowder moved approval of the April 5, 2016 public hearing. Her motion was seconded by Mr. Gaylord and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

SPECIAL ITEMS

TRAFFIC – NO PARKING ZONE ON ST. ALBANS STREET – APPROVED – ORDINANCE ADOPTED

The following item appeared on the March 1, 2016 agenda:

It is recommended that a No Parking zone be implemented on the south side of St. Albans Drive, west of the intersection with Cardinal at North Hills Street. The parking lane at this location narrows and vehicles continue to be parked in such manner that they are encroaching into the eastbound travel lane.

Recommendation: Authorize the appropriate changes in the traffic code was included with the agenda packet.

Mr. Gaylord requested that the item be held as he would like to gather some additional information before considering this item. It was directed that it be placed on this agenda for further consideration.

Mr. Gaylord pointed out he had had his questions resolved; therefore, he would move approval of the traffic code change as outlined. His motion was seconded by Ms. Crowder and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Ordinance 554.

LEESVILLE ROAD WIDENING PROJECT – COMMENTS RECEIVED

During the March 1, 2016 Council meeting, Scott J. Benrube, 11416 Leesville Road, expressed concerns relative to the Leesville Road Widening Project and various damages to his property.

The item was referred to administration and during Council discussion it was directed that a report be placed on this agenda.

City Manager pointed out the staff has spent time on this item since the last meeting, pointing out the Council had asked for a report. He stated Council members received the report in their agenda packet.

This report is in response to the City Council meeting on March 1 where Mr. Benrube made a petitions of citizen presentation regarding driveway repair, drainage issues, and broken landscape curbing at his residence (11416 Leesville Road). Following the Council meeting, City staff from both Design/Construction and Stormwater Management, as well as the roadway and stormwater design consultants (AECOM and Sungate Design Group) visited the property to observe the existing conditions, review the list of punchlist items provided by Mr. Benrub, and specifically to analyze the drainage concern raised about this property. Staff's responses and recommendations for each item raised by Mr. Benrube are as follows:

DRIVEWAY REPAIRS

Staff reviewed the conditions of the asphalt driveway and support Mr. Benrube's recommendation that the driveway be replaced. It was determined that due to the small section of asphalt replacement, as well as the fact that four panels of broken sidewalk panels were located close to the driveway that a new concrete driveway apron would be more appropriate at this time. Therefore, staff recommends for the asphalt driveway tie be removed and replaced with a concrete driveway tie in the same location by the bonding company as part of the Leesville Road project completion.

LANDSCAPE CURBING

Staff reviewed the landscape curbing and there was approximately 30 LF of broken curbing to replace. However, Mr. Benrube has noted that any small repairs would not

match his existing curbing. Staff recommends obtaining curbing in like kind. If a suitable color match is not possible, then staff recommends that all 180 LF of curbing along the Leesville Road frontage be replaced. This work may be addressed by the bonding company as part of the Leesville Road project completion. The work could also be handled by City forces.

GRADING/TIRE RUTS

There are still a few ruts in the shoulder that need repair and reseeded. Staff recommends these items be addressed by the bonding company as part of the Leesville Road project completion. The work could also be handled by City forces.

FLOODING CONCERNS

Mr. Benrube claims the road widening project has caused an increase in stormwater runoff to his property that has resulted in flooding of his crawlspace. During the site visit, Mr. Benrube requested that additional soil material be added around his yard to mitigate his flooding issues. Following field observations by City staff and the City's design consultants, it is our opinion that any flooding issues inside the property are not a result of the road widening project, but rather was an existing condition on the property prior to construction. Several pictures were taken for reference (see attached) that depict the original site conditions as compared to site conditions today. Prior to construction, Leesville Road had a roadside ditch that conveyed runoff from the two-lane roadway. However, the yard outside of the road prior to construction drained away from Leesville Road (towards the home and rear of the Benrube property). This is confirmed by review of drainage information provided by our Stormwater staff (see attached).

The Leesville Road project widened the roadway, but the road and shoulder are graded to drain into the roadway (away from Benrube property), captured in the road storm system, and discharged to the opposite side of the road from this property. Although there is a small fill slope along the frontage due to the road widening, there is actually less runoff area being directed towards the Benrube property in the post construction site conditions as compared to the site conditions prior to construction.

Secondly, it should be noted that the cumulative rainfall over the past 12 months has been approximately 12.2" above normal (based on data from RDU), which equates to almost a 30% increase of annual rainfall. The heaviest months of rainfall over the past year occurred between October 2015 and February 2016. This may help explain why the flooding issues appear exacerbated as compared to previous years. No corrective action is currently recommended. Staff will continue to monitor the situation during upcoming rain events to verify issues are appropriately addressed.

Engineer Chris Johnson highlighted the report which was received without comment.

STREETSIDE VENDING – PILOT PROGRAM – APPROVED AS AMENDED

The City Council conducted a public hearing on December 1, 2015 to consider food truck service within the right-of-way. One food truck would be permitted within each of the five target zones near the downtown area. At the conclusion of the public hearing, Staff was asked to work with the Downtown Raleigh Alliance to survey property owners within the five target areas and asked about food truck service on property owned by the City. Staff will provide a presentation and identify next steps in authorizing streetside vending should the City Council choose to proceed.

Assistant Planning Director Travis Crane pointed out the proposed pilot program presented at a public hearing on December 1, 2015, would allow food truck service from right-of-way at designated locations and was proposed for a six month pilot program. The pilot program was set up for five zones/one truck per zone/in identified parking areas between 10:00 a.m. and 3:00 p.m. each day of the week with the exception of first Friday which would be 10:00 a.m. to 8:00 p.m.

Mr. Crane pointed out the UDO contains regulations for food trucks on private property. If the City so chooses it could allow food trucks on City owned parcels that meet zoning requirements. He stated as far as the DRA survey is concerned, staff provided a list of property owners within and adjacent to the five areas and DRA mailed notices and received 14 responses. Almost all were positive. He stated the survey showed support for food trucks in the downtown area in general and support near places of residence. He stated however there was no clear preference for consolidated locations versus scattered locations. The majority of the responses did not support spacing from restaurants.

Mr. Crane presented a map showing the five proposed locations and pointed out the proposed regulations relate to minimum spacing of 100 feet from a restaurant and 50 feet from a push cart as well as spacing from utilities, driveways, handicap ramps and street intersections. The operator would be responsible for disposal of all waste.

Mr. Crane pointed out in December staff discussed a lottery system to “award” permits. The lottery system would allow one food truck operation per location per month. He stated however during the Council committee discussion there was a desire for a variety of food trucks to be allowed in each area and a lottery would not create that type variety. A lottery could result in unused food truck spaces as food trucks are successful only if located near the demand.

Mr. Crane pointed out after discussion staff looked at an alternate option such as treating the food truck permit like a parklet permit. That is an adjacent property owner would apply for a permit and that property owner would permit and manage the food truck rotation in that area. The staff would issue a permit to an adjacent property owner and they would regulate etc; however, staff would perform inspections and enforce the regulations.

Mr. Crane pointed out the Council needs to determine if the identified locations and if the proposed regulations are acceptable. He pointed out with the Moore Square redesign and Moore

Square Transit project and there has been discussion about potential problems with the Zone 4 location.

Mr. Crane pointed out the next steps would be for the Council to decide whether to move forward and if so, staff would finalize the permitting process which would include the intake, review, issuance, inspections and enforcement in the Planning Department. Planning would coordinate with Public Works on parking location, markings, signage, etc. He stated if the Council wishes to move forward Staff would suggest revisiting in six months.

In response to questioning, Ms. Baldwin pointed out the locations came about in committee discussions when adjacent property owners requested potential locations. Discussion took place with the Mayor pointing out as she understands the alternative option, the permit would be granted to the adjacent property owner and the adjacent property owner would negotiate with the food trucks and be responsible to make sure every thing is in order. Mr. Cox talked about the parklet model pointing out as he understands the adjacent property owner would get the permit and would decide what type truck goes in that location. Mr. Branch questioned if there were problems with a food truck, who would be held responsible with it being pointed out the owner of the permit would be held responsible; however the food truck operator would have to abide by all city rules and regulations. Mr. Branch questioned if this were approved how long it would take to be put in place with Mr. Crane pointing out there has to be additional coordination with Public Works and others but it is felt it could be put in place within 60 days. In response to questions, it was pointed out the permit holder would schedule the food trucks and rotate them as they choose. Discussion took place relating to noise, code regulations, how noise would be measured, the need for food trucks to be designed to control noise, how to measure noise, etc.

Ms. Crowder questioned the conflicts relating to Moore Square with Ms. Baldwin pointing out the other locations came about as the result of interested property owners in that area but she is not sure how the Moore Square location came about. Discussion took place on the two construction projects going on in the Moore Square area and possible conflicts with several Council members expressing concern about the Moore Square location at this point.

Ms. Baldwin moved approval of the alternative program as outlined by Mr. Crane that is treating food truck permits like a parklet permit for the four locations – dropping the Moore Square location and adding in that the operator should provide some type hand sanitizing dispenser and also look at some type 3 strikes and you're out, that is three violations relating to noise, trash, etc. Mr. Crane pointed out that part would be easy and talked about the ordinance which has a \$100 fine for first violation and increased fine for the second and the third could be revoking the food truck license. Ms. Baldwin's motion to approve the alternate option that is the parklet permit concept, operator providing hand sanitizing dispenser and have a three strike and you are out provisions. It was seconded by Mr. Gaylord. Mr. Cox asked about putting a cap on the noise that a food truck generates with it being pointed out that could be discussed in the six month review if needed. The motion as stated was put to a vote which resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Ordinance 555.

BIKE SHARE PROGRAM – APPROVED – DIRECTION GIVEN

Mayor McFarlane stated there was a discussion on the bike share program in Work Session earlier today and since the Council has a standing rule to not vote on items in work session the Council decided to bring the issue to the table today.

Mr. Gaylord stated the Council did talk about this issue in work session and moved that the Council move forward with the bike share program as presented in the feasibility study during work session, ask the County and NC State to participate as discussed in work session and that the Council allocate cost as appropriate in the upcoming budget. He stated this is all with the understanding that the Council would re-evaluate the program after three years and that the Council look at a monthly fee arrangement and also move forward with forming a committee to sell additional sponsorships. His motion was seconded by Ms. Baldwin.

Ms. Crowder indicated she wanted to be very clear that she does not dislike the bike share program but the Council has a lot of value judgments to do. Many of them are hard sometimes and she also wants the City to be a city of innovation and a city for all people. She stated there are many people in the City who are broken, poor, homeless, down trodden, children without homes and the elderly. Many of these people need the Council's help and some time the Council is the only voice they have. There is so much to be done in the City and so little money to get it all done. The \$653 a year to maintain a bike share program she feels could be used in many ways to help many people. She stated she feels that the bike share program will pass today but she wants the Council to consider that we need to be a city of value for all people and that the people this Council and City serves must also be served not at the exception of a few but a city for all people and she feels that's the job of councilors.

Mr. Stephenson stated he feels all Council members are well aware of the fact that we have limited resources and many worthy needs across the City. He stated however there is a \$2M grant associated which is 80% of the capital cost for the bike share program. We would be forfeiting that money if we did not move forward with this program by April. He stated the operating expenses are \$653,000 a year but projections are that two-thirds of that would be covered not by taxpayers but by sponsorships and receipts from the use of the system. He stated we have had several organizations come forward stating they are interested in sponsoring the program and it is his feeling that we will have many more coming forward. He stated at the end of the three year period we would find one of two things, either we are not getting the sponsorship we want at which time we could reevaluate whether this is a good program or we will see that there are plenty of sponsorships and that the program is self supporting. He stated we will not be able to find out the results unless we take this first step; therefore he would be supporting the motion.

Mr. Thompson stated he believes that the bike share program could be a good thing for the City; however, he too is very concerned about the possible lost of the grant and questioned if we actually thought we would lose that money. He stated he does not think we will. He stated it is up to the people that the Council has heard from trying to promote bike share, so it is up to all of

those people in support to use the system and make it work. If it doesn't at the end of three years we will lose it.

Ms. Baldwin stated she totally understands where Ms. Crowder is coming from and she very much appreciates the concern. It is a passion that she shares, that is making sure that people who have the least are cared for stating that is an important piece and she thinks that it is an area that we do need to constantly look at in review.

Mr. Branch stated he had gone back and forth on the concept as to where to support it or not support it. He stated he looks at the community and where it is going and he realizes we have a bright future ahead of us and it is going to take all of us coming together in many different ways to make it work and to make sure that this program is shared and we make sure that everyone has an opportunity to use it. With that comment he will support the program and he feels three years will give us enough time to review it and if at the end of three years if it is not a diverse program then the Council could make the right decision.

Mr. Gaylord pointed out he feels this will have a great impact on our city from a transit standpoint. He feels this will help get people the last mile as we move forward with the City's transit referendum in 2016. He stated with this program there is public benefit, it helps get people out, get people active and make them healthier, there is a recreational benefit, a tourism benefit and an economic development benefit. The motion as stated was put to a vote which resulted in all members voting in the affirmative except Ms. Crowder who voted in the negative. The Mayor ruled the motion adopted on a 7-1 vote.

REPORT AND RECOMMENDATION OF THE CITY MANAGER

POLICE – BODY WORN CAMERAS – DIRECTION GIVEN

City Manager Hall stated as Council discusses Police Body Worn Cameras Council he would encourage the Council to think of two primary policy-related questions. The first is, is the City going to move forward with body worn cameras for the Raleigh Police Department and if yes, how to implement that technology in the most effective manner. Mr. Hall stated the purpose of the presentation is to provide information to the Council to describe potential issues for consideration and to outline potential options if the Council wishes to proceed. We have been working on this particular topic for several months within the Raleigh Police Department and multiple city departments. Police body worn cameras is a complicated topic, not just within our own community but nationally. This is something that has gotten the attention of a lot of cities across the country and they are all at various places on the issue. For the City of Raleigh its not just about the police department, it is also about Information Technology, City Attorney's office, budgeting and the City Manager's office. It has many dimensions. Some of those issues for you to think about are more than just the technology of the camera, it's also the cost, data storage, operational procedures, how and when to turn them off and on, and potential legal questions whether it be privacy or public records. So again today those things are not necessary to be resolved, cities across the country are all faced with those very questions. At the end of the

presentation today, we will be available to answer questions and receive any direction you may wish to give staff with regards to next steps.

Police Chief Cassandra Deck-Brown presented a powerpoint and made the following comments. Thank you Mr. Manager, let me begin by saying thank you for giving us this opportunity to come before you to talk about the technology of body worn cameras. As you know, this has been a topic of conversation on local governmental levels in communities across the country. It has been a conversation, it has been a debate, it has collected and branched in many directions in terms of how that technology is used, and what departments will do with the data that is collected and how it is stored. I hope that I will be able to shed light in regards to some of that information today as we go forward with the presentation. Without assuming how familiar you are with the body worn technology, I would like to begin with two things, one the simple explanation of what the body worn technology and device is, and several images of what the body worn cameras actually look like. Basically the body worn camera technology is a video recording system which is worn by the officer on his or her body in some capacity that basically records the interaction between the officer and the public. Beyond recording, it is a multi-faceted device and I will explain a little more about that but it serves a tremendous benefit for both the department as well as the community at large. She presented slides showing the body worn cameras and how they are worn such as on the eye glasses or a part of head gear that is pretty much over the officer's ear. The body worn camera can also be attached in the front of the uniform, on the collar or on the shoulder of the police uniform. Agencies have chosen to wear them in different ways so they do come with a variety of positions. For the past several years, we have had the opportunity to monitor and watch the evolution of the body worn camera technology. Not only have we just seen it from a distance, but being the second largest police department in the State and the 42nd largest police department in the nation, we have had that opportunity to not only sit and be a part of local discussion, but on a much broader level at the national level. I guess you could say that membership has its privilege. As a member of the various national organizations of police enforcement and executives those conversations have happened for a number of years. In terms of policy formation, where to wear the camera, how to wear the camera, how the information is stored is some of what I will share with you today. The benefit in being a part of some of those national conversations is we have been at the table with COPS the Community Oriented Police and services office at the Department of Justice who have actually written a document that serves as the best practice manual for implementation of the body worn cameras. We have had an opportunity to ask questions, to listen and engage in that conversation. With that being said this presentation comes to you with much fore thought, much concern, research and much benchmarking. As we look at the utilization of the body worn camera within our own organization in the City of Raleigh and various membership discussion has given us the opportunity to look at this technology on a broad level but what we have come to realize very early on is that the successful body worn camera program requires an organizational approach and collaboration. Many often review this technology as just police equipment and its very clear to see that that is not the case. As such, all relevant City of Raleigh departments have provided valuable input in getting us to the point that we are now. In its most conceptualized wild-eyed assessment there are so many intricacies to this technology. There are so many complexities to it and that we cannot move forward without the necessary departments. Chief Deck-Brown asked the team members who have played a significant part just getting us to this point, internally and

externally to please stand explaining each bring the unique layer of expertise and a unique area of advice in order to go forward.

Through those organizations that we have memberships and being a part of those conversations from the COPS office, the big question that probably many of you have is “why” body worn cameras here in Raleigh. At the beginning of the conversation I briefly referenced that this is a multifaceted tool. Why has it been noted in some of those best practices manual, they have been a part of that conversation that many Chiefs across this state and across the nation have spoken about and its also mentioned in the President’s report of 21st century policing. The whys begin with increased police and public trust, increased accountability for the department as well as the public, increased efficiency and effectiveness toward investigating citizen complaints and increased quality of evidence collection. Additionally, the expected outcomes also reflect an enhanced departmental training. We have a reality based training unit so this will enhance what we are already doing on that level, a reduction in citizen complaints, a reduction in uses of force by our officers and a reduction of officer and civilian injuries and I’m certain that this list is not complete.

Though I mentioned our engagement in conversation on a national level, we have taken the opportunity to look very closely in our state and throughout the county and there are a number of agencies who are currently using body worn cameras some in very early stages and some a little more than a year. The list includes Charlotte, Fayetteville, Winston, Garner, Knightdale and others, agency size varies tremendously. In many instances in terms of releasing that information and research publicly it is too early. One of the early things that Mr. Hall mentioned was the topic of data storage and that is very significant, a concern and a costly aspect of this particular technology. The camera itself is the least of the expenses, it’s how you store that data and how you are able to retrieve it and make sure that it gets to where it needs to go. Chief Deck-Brown introduced the City’s Chief Information Officer Darnell Smith.

Mr. Smith stated as every one has pointed out this is a big technology issue, there are a lot of players in this space, it is seen as a lucrative business and there are large and small players from Taser to Digital Alley to Wolf and also some I would call “fly by night.” What we want to do is make sure as we are going through an RFP process that we pick a solution that we can grow with, one that when we invest in it that we can invest in it for the long term. One of the biggest pieces of this is the storage. I’ve done my due diligence and as you can see Oakland Police Department is storing 7 terabytes of data with 600 body worn cameras. Our RFP is essentially sized for 600 body worn cameras, as well as replacing what we have in our cars. If you look at that I expect our storage need is going to be a lot more than that 7 terabytes so we need to make sure that we do something that we can grow with and because its going to grow and another thing you need to be concerned with is our data retention. Once we come up with a policy around how long we are going to store this data, we need to make sure that we can retrieve it and can grow with it. We have two ways we can go here, cloud based or on premises. On premises essentially means that we would store it within the city’s data center. We would invest in storage, we would invest in servers and we would be responsible for the capital expenditure and the people to keep it up. We could also go cloud based which is more of an elastic approach so as we need space we can consume it and as we consume it, we pay for it, and the more you use

the cheaper it typically gets. So there are some pros and cons for cloud based and on-prem storage. I mentioned a few for the cloud base that is, the flexibility to grow as you need. The biggest piece to me is the security around it because we would have to do a lot internally around staff and procedures to make sure that we can protect this data, but when you do it in the cloud, most of these companies are compliant and they have all of the processes and security in place to make sure that we can protect it. Some of the cons are that when you are dealing with the cloud your upload time is restricted so we would have to work around that. Some I call it hybrid cloud where we could do some all off loading locally before we push it up to the cloud.

Mr. Smith stated on premise is lower recurring cost but you have to typically do a large capital expenditure up front to get that up and operational and again that's down side and on the con side as far as the recurring investment is because again we are keeping this data so we are going to have to continually invest in storage to make sure that we can keep up with the pace of what we are keeping historically. He stated in the RFP, we have taken a lot of time to make sure that we have all of the right questions so that we can determine which technology will work best for the city.

Chief Deck-Brown stated in consideration for cost, utilization and deployment, we basically have two options going forward – a phased approved or total implementation of the body worn camera. While there are many benefits to being a department of this size, we recognize the cost implementation that comes with pushing all of that equipment out to an agency our size as well. Although this technology along with the practices has significantly improved, the recommendation for the phased in approach reflects and is partly because of the evolution of the technology which is constantly evolving. We have watched this technology evolve over a number of years, it gives us the opportunity as we are now in the very early stages of crafting the RFP to make sure that over the course of that three year period that as technology changes we benefit from that as well. With that being said, the three year approach affords us to look at 100 body worn cameras the first year which would pretty much be a pilot program that would be city wide distribution and then 250 the second year and 250 the third year thus giving us the 600 body worn cameras. What the pilot project would afford us to do basically is ensure that we've got best practices going forward. It gives us an opportunity not only to push our initial policy out and tweak it as we need to and ensure that we have our best foot forward in serving and protecting the city. Not all practices can be the cookie cutter approach even though the manuals have been written. We recognize that this is our city and what works here may not necessarily work in another city. Based on the economy of scale, this is why we have established this approach also. The smaller roll out basically gives us that opportunity once again to look at best practices, to look at cost on the front end and to look at what is best for the greater department.

Chief Deck-Brown stated we are recommending the cloud for a number of reasons, some of the national organizations, IACP and several others are recommending the cloud as well. The preliminary cost that you have before you are clearly without an actual RFP but with much effort from the men and women who stood up earlier as well as our city departments who have partnered with this I do believe that we have given you and provided you the best possible estimate that we can have without having the actual RFP on hand. So the three year plan is basically \$4.24M or \$1M to \$1.25M the first year.

The start up as you have heard with the onsite storage is expected to surpass the cloud storage and there again IACP does recommend the cloud storage. There are ancillary cost such as infrastructure, hardware, software, docking stations at 9 facilities and we have estimated that to be roughly \$540,000. As for the technology support, we currently have 8 personnel who support the IT component in addition to the tremendous support that we get from City IT. The three additional personnel would aid and ensure that we can go forward with this technology. When I talk about I'm being able to sit at that table and have those conversations with those other departments, some times this is where they have missed opportunity, the technology has rolled out and the staff has not been considered and that becomes a stumbling block. So not rushing into this having the forethought and the time to really look at this over time has afforded us in some instances to learn from others; pitfalls or stumbling blocks if you will.

She stated the first thing upon Council approval would be to go forward with submitting an REP to the vendors around the 4th quarter of the current fiscal year. As you know, we are a department that does engage with the community so conversations would continue but there would be conversations specific to the body worn camera. I'm sure that periodically you have been approached by the body worn camera technology as have I. In the face to face meetings, it came up in terms of technology and where we are going so this allows us to continue that dialogue and ensure that our community is informed in going forward. The next step would be to develop a policy around the body worn camera technology and there again, having the opportunity to sit at that table and those tables over time has given us the opportunity to evaluate as we begin to craft what our policy will look at such as who has the camera, the proper training, when to activate them, when to turn them on and when to turn them off, the storage, the retention period, how will they charged and down loaded, will off-duty officers have them, the disclosure to the district attorney's office, the citizens rights, criminal discovery, the supervisory review of these activities that are recorded, use of video and personnel actions and the list goes on and that is why there is so much conversation regarding body worn cameras for both citizens and law enforcement agencies alike. In putting these on we know that there comes tremendous responsibility as well. In addition to developing the policy there would be the product testing and the product testing of course is in essence in our efforts to determine which product is out there as Mr. Smith has mentioned you got some reputable companies out there that have some long standing preparations and the technology is there that kind of sits their name out there and then you've got those that are much smaller in some incidences, the fly by nights and we want to make sure that whatever price tag is attached that we are good stewards of whatever funding is available as well so this gives us this opportunity to pick the right piece of equipment in going forward.

Police Chief Deck-Brown stated we would make our final selection by the second quarter of the FY17, issue that final version of that policy and then beginning training and product deployment to our personnel. The RFP going forward would provide us with a more definitive cost, a more clear time line, the issue of data storage and the specifics in terms of what that cost looks like is critically important in terms of what works for the City of Raleigh and what works for the Raleigh Police Department. As was mentioned, we want to also look at the integration of in-car cameras. The Raleigh Police Department has had in car cameras since 1998. I been here long

enough now to see the evolution of technology take place over the course of time within our department. In 1998 for some of us who can remember VHS were around and that is the recording devices in our cars and then we evolved to the disk in 2006. We are at a point where the technology that we have is at the end of life. Since I have become Chief it is really important to look at how we optimize our systems and how we work and integrate with our City IT and other departments in that regard. This gives us that opportunity to make sure that as we go forward where one system has reached its end of life, it will be a missed opportunity to not look and see what the same companies in many instances are offering. If those systems can talk to one another that could be a possible win win for all of us. So you may ask at this point, is this the end all, be all. . . and I would say “no.” We know that we live in a society today where everyone has a smart phone and whether it is a police encounter or something else some one is constantly recording an activity. This as I see it is as Chief is another part of law enforcement technology and this is the evolution of technology in terms of where we as a law enforcement community have gone. So, instead of asking why or why now, I would ask why not now. Again it has come up in many of my meetings, most of the citizens have asked repeatedly and we are the capital city, it gives us the opportunity to look at it. Having been here and seen that evolution again in terms of technology, I’ve seen the in-car cameras come and this is where we are now. I’ve seen the computer enter the police car, we went from pagers to smartphones, and tazers were added since I have been here. When I arrived there were revolvers and now law enforcement across the nation has semi automatic weapons and the body worn camera is one of the newest forms of technology. All of these changes reflect the evolution of policing. I see it as technology that affords us a better opportunity to not only police but to build upon the expectations that I mentioned in the very beginning as to why those expected outcomes can happen and do happen. In closing we are the Capital City and now is the time, and again I thank you for giving us this opportunity to present this technology and the idea of it being here in Raleigh.

Mayor McFarlane thanked all for all of the work went into the presentation.

Mr. Branch thanked Chief Deck-Brown for taking the lead and everyone that brings this together. He stated the Chief is right, we are Raleigh, we are the Capital City, we lead, we don’t follow and as you continue to work with your team and your department as well as the Council and all of our citizens one thing we want to make sure we all know the facts and we are transparent and this is another way to help us all move forward towards that. Mr. Branch moved that Raleigh move forward with the implementation of body worn cameras, authorize city staff to create a testing and pilot program to examine alternatives, issue a request for proposal for technology to support the pilot program, develop appropriate city and departmental policies by gathering the best practices of information from both cities and law enforcement agencies, review any potential legal good issues that will need to be addressed, analyze and recommend the best alternatives for the data storage and include the funding options that you gave forth for ways for future budgets. His motion was seconded by Mr. Stephenson.

Ms. Baldwin questioned if the Chief and CIO had given into consideration to local companies such as Red Hats or Citrix or other local companies that store large amounts of data in secure settings which were meant to be shared.

CIO Smith stated in his research thus far there are major players Google, Microsoft and Amazon but he has not checked with the local companies and talked about eligibility.

Ms. Baldwin asked for sensitivity on that issue.

Mr. Thompson questioned if the motion for the phased approach with it being pointed out that is correct. The motion was put to a roll call vote which passed unanimously. The Mayor ruled the motion adopted on an 8-0 vote.

DOROTHEA DIX PARK – UPDATE – RECEIVED

City Manager Hall pointed out staff is available to provide an informational update on the Dorothea Dix property which will include an overview of the purchase agreement and update on the current work and presentation of a broad framework intended to guide the future master planning effort. The City Council completed the purchase of the Dorothea Dix Park land which includes some 307 acres.

Stephen Bentley, Parks and Recreation and Cultural Resources, pointed out all cities have great park spaces and Raleigh is no different. We have approximately 10,000 acres of parks, greenways, indoor, outdoor pools, etc. He stated however 7 months and 22 days ago the City purchased what he considers to be the crown jewel of our park system and that was the 307 acres known as Dorothea Dix. He gave examples of great parks such as Piedmont Park in Atlanta, Herman Park in Houston, Forest Park in St. Louis, and Boston Commons which was the first city owned park in the United States. He pointed out all of these parks are economic drivers and provide a great experience for its citizens. He gave other examples such as Governor's Island which is a 200 acre island which was a military base converted to a public park, Presidio in San Francisco, Millennium Park in Chicago and talked about the importance and uniqueness of those facilities. He stated he recently met a gentleman in Raleigh who stated when friends visit Chicago he tells them to go to the park, etc., and stated when friends visit him in Raleigh he can tell them to go to the city's welcoming downtown, the museums and Dorothea Dix Park.

Mr. Bentley talked about the purchase agreement which currently has 4 leases; one with the State of North Carolina for 10 years which is on the east side of the railroad and up to 25 years on the west side of the railroad. He pointed out this houses some 2,000 DHHS employees. The second lease is a 25 year lease with Healing Transitions which has two 10-year extensions. The third is a 2-year lease which has a daycare center which is sublet to Bright Horizons Childcare and it is about 3 acres; the third lease covers some 60 acres which relates to the Capital Area Soccer League which is a year by year lease. They are meeting to determine if they plan to renew the lease.

Mr. Bentley talked about the easements along Western Boulevard and Governor Morehead School to connect to Pullen Park, the cemetery which the city has taken over maintenance and the area 5N which has contaminated soil that will have to be removed. He stated this leaves approximately 130 acres of non leased park to be utilized.

Kate Pearce, Parks, Recreation and Cultural Resources, talked about work which is ongoing which includes 4 full time employees who work with turf and tree care and cemetery maintenance. A lot of due diligence is going on with area 5N relating to assessment and clean up of the contaminated soils. She stated there is no unused parking so work is going on negotiating for parking, signage, trash removal, toilet facilities, etc. She again pointed out there is some 2,000 DHS employees who work at Dix daily and all of the parking lots are within a leased area. She stated in addition the City is honoring some carry over events and uses including six remaining 5K runs or mile walks which are nearly all sponsored by non profit groups with ties to Health and Human Services with one exception and that is the Rock N Roll Marathon 5K which will use portions of Dix. There are three memorandums of agreement - NC State Cross Country Team, NC State Aero Space Engineering Summer Camp and the DHHS softball team usage of the facility.

Ms. Pearce pointed out they are connecting and meeting with their neighbors including NC State University, the Catholic Diocese, working with other groups that have a connection such as the Chamber of Commerce, DRA, Visit Raleigh, etc. She stated in addition they are trying to learn from others and are to having conversations with and visits with various park planners, conservatories, etc. looking at best practices, learning and just familiarizing themselves with all involved.

Ms. Pearce pointed out she recently moved to Raleigh and when people ask her what she does and when she explains she is the new planner for Dorothea Dix Park, people always have a story to tell her. She stated the history and the legacy is important and will be protected as we go through this process. She stated every one knows it is a unique situation, there is nothing to compare it to anywhere, and it will be treated and protected as a unique place. She stated people are already taking ownership and that is great. She stated the planning for the park is going to be a multi-year process; 2016 will be looked at as a time of planning to plan. She stated they will be taking steps, getting people to the facility, working to educate people, make them to understand what is there, how it can be used and inspire various uses. They will continue to work with various groups and they are working on a committee structure for the planning process. She stated the consultant selection process is very important and we have to choose the right people and the right group. She pointed out recommendations will be coming back to the Council on the committee structure and the consultant selection process. We have to choose the best team for Raleigh. We have to be transparent, include everyone and that is what they are doing in the activation and engagement period of exploring, educating and inspiring. She pointed out 2017 will be the master plan process and talked about the consultation selection process which has to be transparent, creditable and deliberate to provide for the best team for Raleigh. She explained for the rest of 2016 they will be in the activation and engagement process, establishing the committee structure and consultant process pointing out they will be returning to the Council many times. The comments were received.

SIDEWALK IMPROVEMENTS – 2014 PROGRAM – AUTHORIZED TO PROCEED

On January 2, 2013, the City Council adopted the Comprehensive Pedestrian Plan, which promotes a walkable Raleigh by recommending safe and convenient pedestrian facilities throughout the City. The pedestrian plan ranked the following projects 21, 41, and 18 respectively. Funding source is the 2011 Transportation Bond proceeds; the projects involve the installation of all missing sidewalk sections along the following locations and the total length of all sidewalk sections to be installed is approximately 10,250 feet (about two miles):

CRABTREE BOULEVARD: From Capital Boulevard to Timber Drive

SPRING FOREST ROAD: From Atlantic Springs Road to Capital Boulevard

MILLBROOK ROAD: From Atlantic Avenue to Capital Boulevard

NEW HOPE ROAD: From Capital Boulevard to Wallingford Drive

A public meeting was held January 26, 2016 to present design information and preliminary right-of-way and easement needs; the Bicycle and Pedestrian Advisory Commission reviewed the projects on January 25, 2016. Staff has prepared plans showing the proposed improvements. It is now appropriate to present the project to City Council for review of the design and authorization to proceed. A memorandum containing additional detail was included with the agenda packet.

Recommendation: Authorize the projects to proceed.

City Manager Hall pointed out staff has a presentation or would simply answer questions the Council may have. Ms. Baldwin moved authorizing the projects to proceed as outlined. Her motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

ORGANIZATIONAL REALIGNMENT – PUBLIC WORKS FUNCTIONS – INFORMATION APPROVED

With the assistance of an outside consultant, as well as extensive employee feedback, the City Manager has identified a new organizational alignment which relocates the functions, programs, and assets of the Public Works Department to form two new departments, Engineering Services and Transportation, as well as the realignment of services to the Development Services Department. The intent of the realignment is to position the City for future growth; align services in ways that are more intuitive and reflect core skills and services; improve workflows and to reflect City Council priorities as expressed in the strategic plan.

A copy of the memorandum which has been distributed to impacted employees was included with the agenda packet for reference. The memo provides additional detail and context and also provides a graphic representation of the impacts to services currently located within the Public Works; the Parks, Recreation, and Cultural Resources; and the City Planning departments. The memo also provides summary information about the current service areas that will be re-aligned to the new departments, as well as an indication of where those functions currently reside within

the organization. The realignment of services will be effective July 1, 2016, in conjunction with the FY2016-17 annual budget.

The existing Public Works Director position will be reclassified to create one department director position; in addition, it is necessary to authorize one new position for the second department director. Establishing the director positions at this time will provide for recruitment to begin immediately.

Recommendation: Approve the realignment and authorize the addition of one department director position. The budgetary impact of the newly authorized position will be addressed within existing appropriations.

City Manager Hall indicated this is a basic realignment of functions in the Public Works Department and pointed out if the Council chooses to approve the realignment it would include authorization of one additional department director position as outlined. Mr. Branch moved approval. His motion was seconded by Ms. Baldwin and put to a roll call vote which resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

REQUEST AND PETITIONS OF CITIZENS

HOUSING AND NEIGHBORHOODS PROGRAMS – CONCERNS – REMOVED FROM THE AGENDA

Jona Marie Ricci, 4300 Whisperwood Drive, had requested permission to discuss the lack of constructive progress on her issues related to the City's housing and neighborhoods rehabilitation/renovation program as it relates to her home.

Ms. Ricci was not at the meeting therefore the item was removed from the agenda with no action taken.

UNFIT BUILDING – 905 EAST EDENTON STREET – 30-DAY EXTENSION GRANTED

Jared Burnette, 1507 Ashley Downs Drive, Apex, was at the meeting to request an additional 30 days to complete repairs at 905 East Edenton Street. He stated he feels they are at the end of a very long project, they feel they are about 80% there but need a little additional time.

Housing Inspections Administrator Ashley Glover indicated he has no problem with the 30-day extension. He talked about work that had been done and permits or approvals that have been secured. Mr. Gaylord moved approval of the 30-day extension. His motion was seconded by Ms. Baldwin. Ms. Baldwin questioned if they will be able to complete the work in 30 days with Mr. Burnette and Mr. Glover both indicating they felt the work could be completed within that time. Mr. Thompson questioned if we are talking about 30 calendar days with it being pointed out that is correct.

The motion as stated was put to a vote which resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

UNFIT BUILDING – 1601 POOLE ROAD – 90-DAY EXTENSION GRANTED

Andrew Clark representing “JBAC Properties, LLC, was at the meeting to request a 90-day extension in order to complete repairs to the fire damage property at 1601 Poole Road. Housing Inspections Administrator Glover explained the history on this location, talked about the fire damage and pointed out the repairs have moved very slowly; however they have pulled all of the permits as of yesterday and he understands they have signed a contract for the work to start on March 27.

Ms. Crowder questioned why no work had been done in the last 90 days. Mr. Glover pointed out he feels the owner will be moving on. He stated Jared Burnette is involved in this property and has been doing work on some other projects, this is a large contract and he feels it will move ahead now. Ms. Crowder moved approval of the 90-day extension. Her motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

GRAVE REMOVAL – WILLIAMS GROVE CEMETERY – OAKWOOD CEMETERY – APPROVED

Deborah Joy, 3333 Durham-Chapel Hill Boulevard, Durham, representing Williams Grove Baptist Church and Greenpointe LLC, requests permission to relocate approximately 12 graves from the Williams Grove Cemetery to Oakwood Cemetery. The purpose of the proposed relocation relates to future development of property on Blue Ridge Road. All procedures required of state statute have been met. The final step is concurrence of the City Council. Supporting documentation is available for public inspection in the City Clerk’s office.

Ms. Joy explained the process. In response to questions, City Attorney McCormick indicated this is a statutory process. The applicant has complied with all of the rules and regulations and the last step is for the local governing body to sign off on the move. He stated Ms. Joy is testifying that they have met all of the requirements.

Council members had questions relative to the location of the graves that are going to be moved, why they could not be relocated in the adjacent cemetery, whether there are head stones, removal of the remains, etc. Ms. Joy presented maps showing the location of the property to be developed, the location of the graves involved, and the procedure which they have followed. Mr. Thompson moved approval. His motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

WOMEN'S HISTORY MONTH – COMMENTS RECEIVED

Trisha Elliott, Targeted Persuasion, 206 New Bern Place, representing female restaurant owners and chefs, had requested permission to discuss Raleigh's culinary industry and its benefits to the City. The presentation is in conjunction with Women's History Month.

Ms. Elliott was not at the meeting when this item was called but appeared later.

Ms. Elliott, Maggie Kane and Allison Conners were present to talk about the projected opening of a place at the table planned for Hillsborough Street. Ms. Elliott talked about Women in the restaurant business and the culinary industry and its contributions to the City.

MATTERS SCHEDULED FOR PUBLIC HEARING

UNFIT BUILDING DEMOLITION – 5411 ALLEN DRIVE – HEARING – ORDINANCE ADOPTED

This was hearing to adopt an ordinance, pursuant to Article 11.6.13 of the Unified Development Ordinance, to authorize the demolition of the unfit building listed below:

<u>LOCATION AND DISTRICT</u>	<u>PROPERTY OWNER</u>	<u>TAX ID NUMBER</u>	<u>TIME LAPSE</u>
5411 Allen Drive (B)	Transformation Properties USA, LLC	0063101	167 days

The Mayor opened the hearing. A lady who indicated she lives next door to 5411 Allen Drive talked about the problems with 5411 Allen Drive. She stated it has been closed since August 2014, talked about all of the problems with the building including odors, how the property had been sold but the sales fell through and the recent sale which she understands was to a motorcycle group who plan to install a metal building for their motorcycle club. She talked about people working on the house without a permit, how a dog was left inside with no one being at the house, how the dog was then left on a leash outside with no one to tend to it and animal control picked it up. She stated the house has caused nothing but problems and the neighbors want it torn down.

The resident at 5415 Allen Drive indicated he talked to the owner of the property and has offered to buy the house. He stated a contract is being drawn up. He stated if the contract goes through he will purchase the house and it will be torn down. The closing date is April 1 and at that time if the house is still standing he will get a permit and tear it down. He stated however he would like for the Council to go ahead and adopt the ordinance requiring demolition just in case his deal falls through. No one else asked to be heard thus the hearing was closed.

Housing Inspections Administration Glover indicated this has been a problem for quite some time. He stated he is in favor of adoption of the ordinance requiring demolition. Mr. Thompson wanted to make sure that the purchaser understood if the City demolished the house they would

put a lien against the property for the demolition cost. Mr. Glover indicated everyone understands that. Mr. Glover pointed out it takes the City about 45 days to get through the process and to demolition. If the new owner closes and goes through on April 1, he would have time to demolish it prior to the City moving in. Mr. Thompson moved approval of the demolition as outlined. His motion was seconded by Ms. Baldwin and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Ordinance 556.

UNFIT BUILDING DEMOLITION – 106 COLLETON ROAD – HEARING – ORDINANCE ADOPTED

This was hearing to consider adopting an ordinance, pursuant to the provisions of Article 11.6.8 D of the Unified Development Ordinance, to authorize demolition of the unfit building listed below, if repairs necessary to render the dwelling fit for human habitation are not completed within 90 days:

<u>LOCATION AND DISTRICT</u>	<u>PROPERTY OWNER</u>	<u>TAX ID NUMBER</u>	<u>VACATED AND CLOSED</u>
106 Colleton Road (C)	Octavious Benifield	0064236	December 22, 2014

The Mayor opened the hearing no one asked to be heard, thus the hearing closed. Ms. Baldwin moved adoption of an ordinance requiring demolition as outlined. Her motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Ordinance 557.

PUBLIC NUISANCE COST CONFIRMATION – VARIOUS LOCATIONS – HEARING – RESOLUTION ADOPTED

This was a hearing to consider adopting a resolution to confirm as a lien against the properties as listed below the charges for the abatement of public nuisances:

<u>LOCATION AND DISTRICT</u>	<u>PROPERTY OWNER</u>	<u>TAX ID NUMBER</u>	<u>COST OF ABATEMENT</u>
3707 Capital Boulevard (A)	CarSpa Automotive, LLC c/o Marjorie A. Putnam	0045947	\$323
2440 Derby Drive (C)	Helena Stephen	0029410	\$187
3425 Dogwood Drive (B)	John W. and Carrie J. Dove	0078966	\$323
526 Hilltop Drive (C)	JP Morgan Chase Bank NA c/o Chase Home Finance, LLC	0027850	\$349
1002 East Martin Street (C)	Lecolia and James Privette	0057385	\$423
624 Oleander Road (D)	Kay T. and Percy R. Brown, III	0231508	\$323
3229 Pinecrest Road (A)	Christopher and Lucy	0069062	\$148

	Swaringen		
1956 Talamore Court (B)	Jennifer Hope Brown	0217520	\$423

The City Clerk asked that 3425 Dogwood Drive and 3229 Pinecrest Road be withdrawn as the charges have been paid. The Clerk also asked that 1002 East Martin Street be withdrawn pointing out that one may come back at a later date. Without objection, those three locations were withdrawn.

The Mayor opened the hearing on the remaining locations. No one asked to be heard thus the hearing was closed. Mayor McFarlane moved adoption of a resolution confirming the charges with the exception of the three which were withdrawn. Her motion was seconded by Ms. Crowder and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Resolution 274.

ANNEXATIONS – 10410 GLOBE ROAD AND APSAN SUBDIVISION – HEARING – ORDINANCES AND RESOLUTIONS ADOPTED

This is a hearing to consider the following petitioned annexations

<u>LOCATION</u>	<u>ELECTORAL DISTRICT</u>
10410 Globe Road	E
Subdivision Apsan	E

Following the hearing, if the Council wishes to proceed, it would be appropriate to adopt ordinances annexing the properties effective March 15, 2016 and to adopt a resolution placing the properties in the appropriate electoral districts.

The Mayor opened the hearing, no one asked to be heard thus the hearings were closed. Ms. Crowder moved adoption of ordinances annexing properties effective March 15, 2016 and adoption of a resolution placing the properties in the appropriate electoral district. Her motion was seconded by Mr. Stephenson and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Ordinances 558 and 559 and Resolution 275.

WATER ASSESSMENT ROLL 1344A – EDWARDS MILL ROAD – HEARING – CORRECTING RESOLUTION ADOPTED

This was a hearing to consider adoption of a resolution to correct Water Assessment Roll 1344A – Edwards Mill Road Extension in order to reapportion the fees charged against the property owned by the State of North Carolina, as the property is being sold and the charges should be corrected. A copy of the proposed resolution correcting the assessment roll was included in the agenda packet.

Recommendation: Adopt the corrected assessment roll.

The Mayor opened the hearing, no one asked to be heard thus the hearing was closed. Mr. Stephenson moved adoption of the correcting assessment roll as outlined. His motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Resolution 276.

**REPORT AND RECOMMENDATION OF THE ECONOMIC DEVELOPMENT AND
INNOVATION COMMITTEE**

NO REPORT

**REPORT AND RECOMMENDATION OF THE GROWTH AND NATURAL
RESOURCES COMMITTEE**

**REZONING Z-39-15 – TRAILWOOD DRIVE – PUBLIC HEARING AUTHORIZED
FOR 4-5-15**

Chairperson Crowder reported the Growth and Natural Resources Committee recommends the Council authorize a public hearing for April 5, 2016 to consider Z-39-15 – Trailwood Drive. She stated during the committee meetings, the applicant indicated a desire to amend the conditions so once the hearing is closed, new zoning conditions may be offered. Ms. Crowder moved approval as outlined. Her motion was seconded by Mr. Stephenson and put to a vote which passed unanimously. The Mayor ruled the motion adopted on an 8-0 vote.

**REPORT AND RECOMMENDATION OF THE SAFE , VIBRANT AND HEALTHY
NEIGHBORHOODS COMMITTEE**

NO REPORT

**REPORT AND RECOMMENDATION OF THE TRANSPORTATION AND
TRANSPORTATION AND TRANSIT COMMITTEE**

NO REPORT

REPORT OF MAYOR AND COUNCIL MEMBERS

SAINT PATRICK’S DAY PARADE – COMMENTS RECEIVED

Mayor McFarlane stated the St. Patrick’s Day parade was a blast and thanked everyone involved and who participated.

NATIONAL ASSOCIATION OF MENTAL ILLNESS – INFORMATION REQUEST

Mr. Gaylord indicated he understands the National Association of Mental Illness has offered some training which could be available to our public safety officers and questioned if that is something that the City of Raleigh has done or could take advantage of. He stated he would like some information on how the City handles that issue and talked about the type of training relating to substance abuse, transportation, etc. related to the mentally ill. He needs to know what the City does and if we could or should take advantage of the training that is offered. City Manager Hall pointed out he would provide a report on how that is handled in the City.

PILL DROP – ANNOUNCED

Mr. Thompson pointed out the Substance Abuse Commission in cooperation with the Raleigh Police Department will conduct their annual pill drop on Saturday, April 23. He stated it will be in four locations throughout the City and encouraged all to participate pointing out he would provide additional information later.

HOMELESS – MACHINE FOR SPARE CHANGE – REFERRED TO ADMINISTRATION

Ms. Baldwin indicated when she was returning from vacation she noticed machines in the Denver Airport that allows one to put spare change in and it is used for homeless programs. She pointed out after doing some investigation she saw that they earned some \$170,000 and that is a good amount of change. She stated there is some interest for The Partnership for Ending Homelessness and maybe working with DRA to take a look at the program, look at options for the airport and downtown. She stated she works downtown and many times she is approached and would like to do something nice and she has purchased lunch, etc. however if one has some spare change and they can simply put it in a meter to help others, she feels that would be good. She asked that the DRA and the Partnership for Ending Homelessness work with the City look at the program and see if there is an opportunity for the City to develop such a program. Without objection the item was referred to administration.

APPOINTMENTS**APPOINTMENTS – VARIOUS ACTIONS TAKEN**

The City Clerk read the following results of the ballot vote:

Appearance Commission – One Vacancy – Mr. Stephenson and Ms. Crowder nominated Bob Greary.

Human Relations Commission – Two Vacancies – the City Clerk reported Taty Padilla received 6 votes (Stephenson, Cox, Crowder, Baldwin, Branch, Thompson); Blaine Wiles – 4 (Stephenson, Cox, Baldwin, Thompson). Mayor McFarlane stated she thought she had submitted the name of Keith Karlsson some time last week but his name did not appear on the

ballot. The City Clerk reported the nominations have to be made at the table. Mayor McFarlane withdrew Mr. Karlsson's name pointing out she would nominate him at a later time and asked that her vote count for Blaine Wiles; therefore Mr. Wiles received 5 votes. Ms. Padilla and Mr. Wiles will be appointed to the Human Relations Commission.

Stormwater Management Advisory Commission – One Vacancy – No Nominees

REPORT AND RECOMMENDATION OF THE CITY ATTORNEY

NO REPORT

REPORT AND RECOMMENDATION OF THE CITY CLERK

MINUTES – VARIOUS – APPROVED AS PRESENTED

The City Clerk reported Council Members received in their agenda packet copies of the minutes of February 29 Budget Work Session and March 1 Council meetings. Mr. Gaylord moved approval as presented. His motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

TAXES – RESOLUTION ADOPTED

The City Clerk reported Council members received in their agenda packet a proposed resolution adjusting, rebating and/or refunding penalties, exemptions and relieving the late listing of property for ad valorem taxes. Adoption is recommended.

Mr. Gaylord moved approval as presented. His motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. See Resolution 277.

MUSEUM – REMOVAL OF MINUTE BOOKS – APPROVED

The City of Raleigh Museum is designing an exhibit entitled People's Politics. I have received a request to utilize one of the older official minute books to be a part of the exhibit. The book would be displayed in a glass case. I am requesting permission to grant the request which would require authorization from the City Council for a minute book(s) to be removed from City Hall during this exhibit. Mr. Gaylord moved approval as outlined. His motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

CLOSED SESSION

CLOSED SESSION – HELD

Mayor McFarlane indicated a motion is in order to enter closed session for the following purposes:

- 1) Pursuant to NCGS.143-318.11 (a)(5) to instruct the city staff regarding the acquisition of property for watershed protection.
- 2) Pursuant to NCG143-318.11(a)(2) to prevent the premature disclosure of an award.
- 3) Pursuant to NGS143-318.11(a)(3) to consult with the City Attorney regarding the following items: a) worker compensation case; b) other privilege communications.

Mayor McFarlane moved approval as read. Her motion was seconded by Mr. Branch and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote. The Council went into closed session at 3:10 p.m.

The Council reconvened in open session at 3:59 p.m. Mayor McFarlane announced that the Council had instructed the City staff concerning the Environmental Advisory Board recommendations, workers' compensation case and other privilege information as well as given direction on the purchase of property for watershed protection.

Adjournment. Mayor McFarlane announced the meeting adjourned at 4:00 p.m.

Gail G. Smith
City Clerk

jt/CC03-15-16

BUDGET WORK SESSION MINUTES

The City Council of the City of Raleigh met in a work session at 1:00 p.m. on Monday, March 21, 2016 in the City Council Chamber, Room 201 of the Raleigh Municipal Building, Avery C. Upchurch Government Complex, 222 W. Hargett Street, Raleigh, North Carolina, with the following present.

Mayor Nancy McFarlane, Presiding
Councilor Mary-Ann Baldwin
Councilor Corey D. Branch
Councilor David Cox
Councilor Kay C. Crowder
Councilor Bonner Gaylord (Arrived late)
Councilor Russ Stephenson
Councilor Dickie Thompson

These are summary minutes unless otherwise indicated.

Mayor McFarlane called the meeting to order.

City Manager Ruffin Hall indicated this is the second in a series of budget preview meetings. He gave a brief overview of the items to be presented at today's meeting and indicated Staff will request that Council approve the user fee recommendations, which will be presented later in the meeting.

Interim Budget Manager Ben Canada gave a brief description of the items to be presented at today's meeting noting copies of Staff's PowerPoint presentations were included in the agenda packets. Mr. Canada also introduced the staff members making the presentations.

The following items were discussed with actions taken as shown.

STORMWATER MANAGEMENT PROGRAM – INFORMATION RECEIVED; DRAINAGE ASSISTANCE POLICY REVISIONS – REFERRED TO THE GROWTH AND NATURAL RESOURCES COMMITTEE

Stormwater Manager Blair Hinkle presented the following information:

Good afternoon.

Thank you for the opportunity to be here today to talk about the Stormwater Program.

The goals for this presentation are to:

1. Briefly discuss the Stormwater Program's five major service areas;
2. Provide a few budget highlights;

3. Discuss our service pressure points and what we see as opportunities for improvement to our level of service;
4. And finally, to talk about where we are in terms of our rate, and some opportunities that we see there;

So, to begin, a general overview of the Stormwater Management Program:

Stormwater Program provides external service in five areas:

1. CIP or Infrastructure Projects – Large stormwater projects affecting public infrastructure;
2. Drainage Assistance Program – City participates with private property owners to partially fund infrastructure improvements on private property;
3. Water Quality – NPDES Permit management, water sampling, GIS/Inventory program, public education;
4. Stormwater Development Review & Inspections – Review and inspection services ensuring compliance with City & State regulations;
 1. Also administers our flood plain program and manages flood hazard mitigation grants;
5. Maintenance.

City's in-house stormwater maintenance capability is provided by the Transportation Field Services Division of the Public Works Department and is funded by the Stormwater Utility at a level of about \$3 million annually.

Services they provide include:

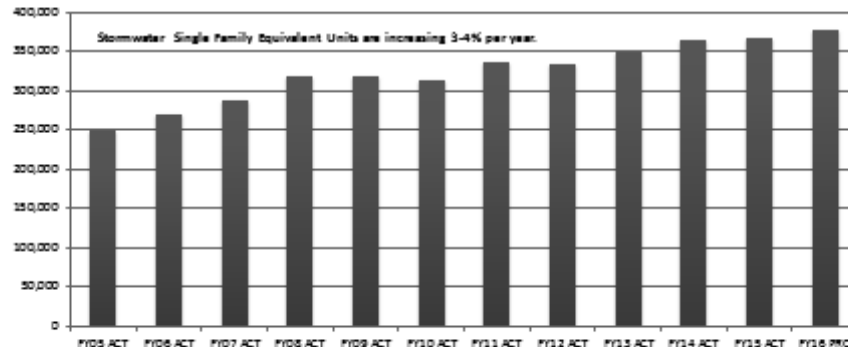
1. Culvert, pipe, and catch basin repair and replacement, generally within the right of way;
2. And street sweeping.

Much of our responsiveness to smaller projects and repairs within the right of way hinges on the availability of these crews.

I wanted to start our conversation about the budget with a chart showing impervious area growth over the life of the Stormwater utility.

Budget Highlights

Single Family Equivalent Units (SFEUs) Billed



5

You'll notice the term SFEU on this slide and hear me use it several times throughout this presentation – this is our billing unit, and one SFEU is equal to 2,260 sf of impervious area. And that number, 2,260 sf of impervious area, is the average impervious area coverage on an average single-family residential lot in the City.

So, putting all of that together, this chart is showing a 3-4% annual increase in impervious area within the City of the last 12 years.

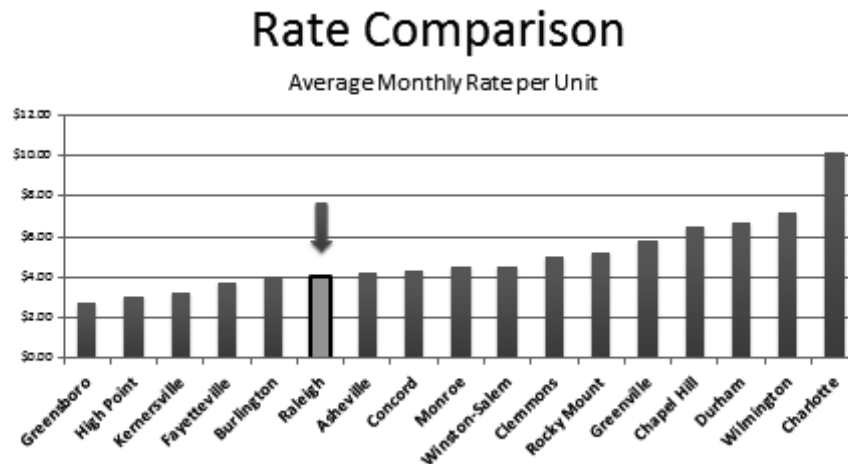
Doing the math, this equates to a total increase of 125,000 SFEUs or 282.5 mil sf, or, as a percentage, about a 50% increase.

While that equates to growth in revenues, it also means that the stormwater system is being placed under more and more pressure since increased IA results in increased runoff volumes and decreased water quality.

We charge \$4.00 per SFEU per month to fund the stormwater program, and we have about 127,000 customers.

- The majority of our customers (~84,000) is within our average residential tier and pay \$4.00 per month (\$48/yr.).
- Our 18,000 commercial, industrial, and institutional customers pay based on actual impervious area, calculated at \$4.00/SFEU (or 2,260 sf of IA).

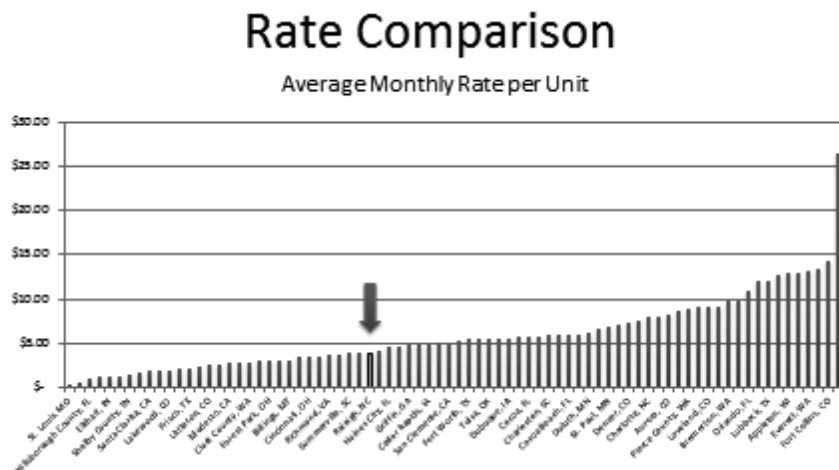
At this rate, compared to other municipalities throughout the state, were below both the average rate of \$5.00 and the median rate of \$4.50 per unit.



6

You can see that stormwater rates across the state range fairly widely, from Greensboro's \$2.70 per unit to Charlotte's \$10.18 per unit. The State stormwater rates – chart is a cross section of cities across the state, includes other 5 Phase 1 communities (Greensboro, Fayetteville, Winston, Durham, and Charlotte).

Expanding our view to the national level, we can see that Raleigh's rate is also below the average and median among the 78 respondents to a well-known national 2014 survey completed by Black & Veatch.



7

For this data set, the average rate was \$5.87 per unit, and the median rate was \$5.00. It's important to note that some of the municipalities with much higher rates (Seattle is the highest) have combined sewer systems, so some of this revenue is utilized to manage the unique challenges associated with those types of systems. The National stormwater rates

– chart is all cities that submitted information for the 2014 Black & Veatch national survey (78).

How do we put the money collected to use?

In 2016 it was about a 1/3 split between operating costs, inter-fund transfers, and capital investments.

1. Just over 33% (\$6 million) of our budget went to inter-fund transfers; including:
 1. \$3 million to TFS for stormwater maintenance activities;
 2. \$2.9 million to indirect cost allocation to pay for things like use of the Customer Care and Billing system, billing office, Finance, and other internal services that we utilize.
2. 32% (\$5.7 million) was transferred to our Capital Fund.
3. 35% (\$6 million) went toward personnel and operating costs.

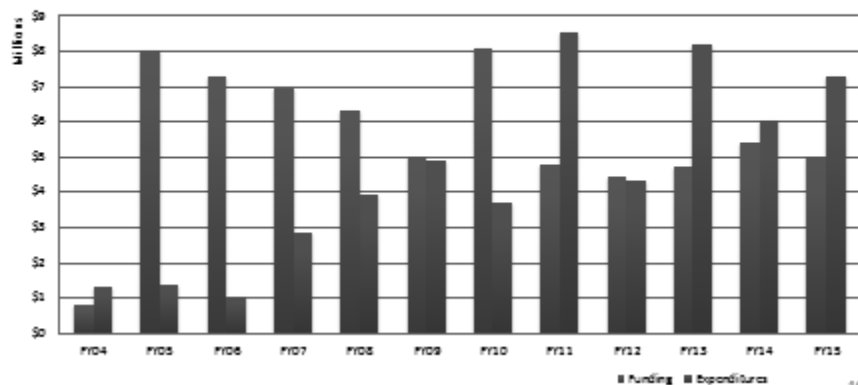
Looking more specifically at the Capital Fund, over the life of the utility (FY2004 through FY2015), the City has invested a total of \$53.5 million into stormwater projects over the last twelve years. This total includes:

1. \$13 million in Neighborhood Drainage Improvements
2. \$12.2 million in Lake Preservation Projects
3. \$4.1 million in Flood Hazard Mitigation purchases
4. \$3.8 million in General Drainage Infrastructure Projects
5. \$3.1 million in Drainage Petition Cost Share Projects

It's interesting to look at Capital funding versus capital expenses over the life of the utility:

Historical CIP Funding/Expenditure Levels

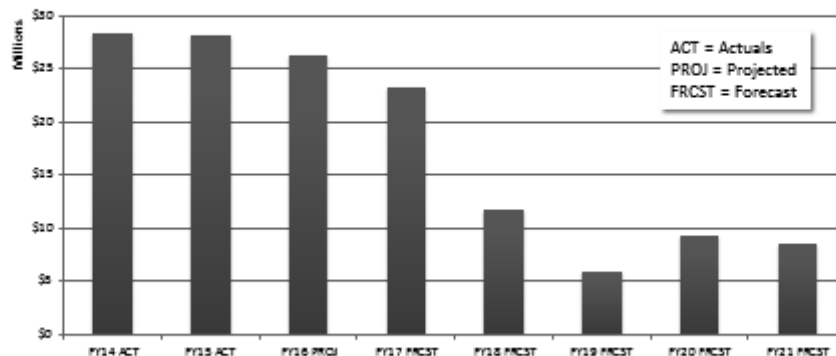
FY 2004 to FY2015



1. Early in the program, funding substantially outpaced expenditures.
 1. This is not uncommon for new utilities – a significant new funding source coupled with large lead-time projects and a small staff to produce a large backlog.
2. Over the last several years, capital spending has outpaced funding, indicating that we've turned the corner towards drawing down our project backlog.
 1. A big part of this has been getting project management resources and processes in place, which we've done over the last three years.

Looking more directly at the Program's project backlog, you can see that we project about a \$2 million decrease from the FY15 level by the end of this Fiscal Year.

Capital Project Backlog



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Moving forward though FY19, we expect to reach a much more sustainable level of about \$5-10 million in rollover funding year-to-year, just because so many of our projects can't be completed within one year.

There are a number of very large projects that will be completed over the next two to three years that make up the majority of our backlog.

It's important to note that this backlog drawdown is in addition to the new projects that we're proposing in a more aggressive 5-year CIP, which we'll discuss in just a few minutes.

Projects:

Brockton Lake – 2 phases; \$4.2m
 Swift Dr. - \$3m+
 Lower Longview Lake Dam - \$3m
 Laurel Hills Dam - \$2.5m

Capital Inn Act. - \$1.3m
Audubon Dr. Drainage - \$1.3m
Drainage Petition Projects - \$1.2m
Top 3 projects = 30%
Top 10 = 60%

The number of requests for Drainage Assistance Projects and larger capital projects to solve street flooding and neighborhood drainage issues grows each year.

Our current inability to respond quickly to anything other than very minor infrastructure failures within the right of way leads to extended lane and street closures (Crabtree Blvd is a great example, a lane has been closed for over a year, though I'm happy to report that a design is wrapping up and we'll be to work there relatively soon).

And, finally, there's an increasing recognition that, as Raleigh continues to grow, we have to be more holistic in solving stormwater problems. This includes expanding our Drainage Assistance Project scopes to solve broader problems and incorporating innovative approaches like LID into our stormwater solutions.

If any of this sounds familiar, that's because we've had some of these discussions before.

Shortly after starting with the City, I had the pleasure of speaking with you at last year's budget work session:

- Talked then about our level of service, and areas in which we could make improvement
- And we committed to reviewing various program areas within Stormwater, working with the SMAC to develop options for policy revisions, and bringing those to you.

The first program area that we delved into was the Drainage Assistance Program, and we discussed our high-level recommendations with you back at the November work session.

To expand a little bit on that process with the Drainage Assistance Program:

We started with getting the SMAC's high level feedback on the opportunities and challenges of the program, and we used this to frame the high level recommendations that we discussed with you at the November work session.

The next step in the process will be for SMAC to consider the detailed policy revisions, and provide a recommendation back to Council.

Before it returns to the full Council for consideration, though, we think it's best for it to be referred to the Growth & Natural Resources Committee; and that is one of the actions that I'll be recommending at the end of this presentation.

Zooming back out a little bit to the broader discussion of ways in which Stormwater can provide better service, we see three major ways that we can provide increased levels of service in the short term:

First, the changes that we'll be recommending related to the Drainage Assistance Program will allow us apply the program more broadly, and to expand the scopes of those projects to correct the causes of problems, rather than just their symptoms. We look forward to bringing those to the Growth & Natural Resources Committee in late April or early May if it's Council's desire to refer the matter there.

Second, we can, with slightly increased revenues from a rate adjustment, provide for a more aggressive level of capital project delivery and more timely responsiveness to infrastructure failures.

Finally, in order to be as aggressive as possible in delivering new projects, we are proposing the allocation of accrued fund balance over the next five years to further supplement funding of our Capital program.

So, let's dig into the details of these proposed levels of service increases.

On the operational side, we're proposing the addition of two new Stormwater Construction Crews in the Transportation Field Services Division.

- As we talked about a few slides ago, Stormwater currently provides about \$3 million per year in funding to support the existing capability related to stormwater maintenance
- These new crews would require an additional \$1.3 million per year
- Once these positions are filled, they will allow us to respond immediately to larger infrastructure failures, rather than having to go through the process of hiring consultants and bidding projects out for construction. (which is a timeline that takes at least months)
- When these crews are not responding to priority issues within the right of way, they'll be able to complete Drainage Assistance Projects and small infrastructure projects, significantly reducing the cost of those projects which they're able to address, and freeing those capital resources up for other projects
- In addition to the increase in responsiveness, we would anticipate that these crews could complete about 20-25 projects per year.

On the capital side:

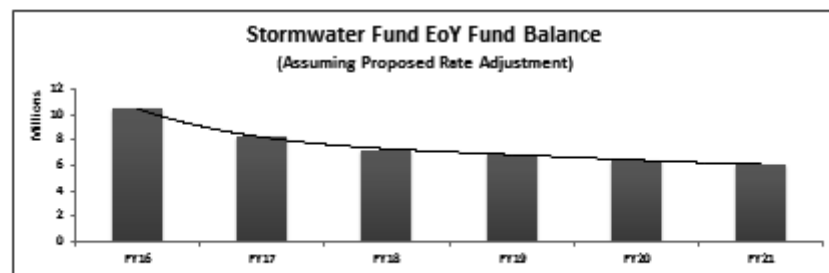
- As we talked about in November, the SMAC recommended increasing funding of the Drainage Assistance Program by \$500,000 per year
 - And staff concurs with that recommendation

- Funded at a level of \$1.25 million per year and paired with the policy revisions that we'll be bringing forward, we'll be able to expand project scopes and reach further down the priority list each year
- With the project management and construction inspection resources that have been added to the program over the last two years, we're now positioned well to manage a larger more aggressive capital project workload.
- And finally, we need to do a better job of funding our watershed master planning efforts in order to find broader solutions to the stormwater problems that some neighborhoods are facing

So what would the funding side of a more aggressive capital investment program look like?

Proposed Capital Program Expansion

- Funding Sources:
 - \$3 million/yr from rate increase
 - Decreasing investment of \$2.2 million to \$300k per year from Fund Balance



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As I mentioned earlier, in order to be as aggressive as possible and front-load our proposed CIP with projects that have been on the books for a while.

- We believe that an additional \$3 million from the revenue increase is sufficient when paired with an annual fund balance allocation ranging from \$2.2 million in FY17 down to \$300,000 in FY21

These two funding sources would provide between \$5.2 and 3.3 million additional dollars per year to be invested directly into capital improvements to the stormwater system

And the results could be significant in terms of increased project delivery

Proposed Capital Program Expansion

Comparison of Current and Proposed 5-year CIP

Project Type	Current 5-yr CIP	Proposed 5-yr CIP	Funding Increase	Change in # of Projects	Notes
Flood Mitigation	\$400,000	\$800,000	100%	5-8 (+100%)	Property Acquisitions
Stormwater System Repairs	\$600,000	\$2,500,000	317%	5-15 (+200%)	Reserve-type fund for unexpected high-priority failures
Watershed Planning	\$1,000,000	\$1,400,000	40%	5-10 (+150%)	
WQ Cost Share	\$1,250,000	\$1,250,000	0%	--	
Street Drainage Improvement	\$2,325,000	\$4,825,000	108%	2 (+50%)	
WQ Improvement	\$2,600,000	\$2,900,000	12%	1 (+33%)	
Stream Restoration	\$3,125,000	\$3,125,000	0%	--	
Lake Preservation	\$3,750,000	\$3,750,000	0%	--	
Drainage Assistance Program	\$3,750,000	\$6,250,000	67%	15-30 (+25-50%)	New funding used to expand scopes & add additional projects
Neighborhood Drainage Imp	\$14,135,000	\$21,265,000	50%	2 (+22%)	Large projects
Total	\$33,405,000	\$48,065,000	44%		

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This table compares our current 5-year CIP to our more aggressive proposed 5-year CIP, and is broken down by project type. Moving from left to right, you'll see:

- The project type
- The amount devoted to projects under our current CIP
- The amount we're proposing to devote under the proposed CIP
- The percent change in funding level
- And the number of additional projects that we anticipate being able to fund under this more aggressive level of service

Our proposed CIP includes:

- A 100% increase in funding for the Flood Hazard Mitigation program, which will allow for the acquisition of more or larger flood-prone properties each year
- A significant increase in the generic "Stormwater System Repairs" account, which is a reserve fund to fix unexpected, high priority failures.
- Capability to complete additional watershed master planning activities
- The addition of a number of additional Street Drainage, Neighborhood Drainage, and Water Quality Improvement projects
- And finally, as mentioned earlier, an expansion of the Drainage Assistance Program, both in terms of number of projects and project scopes
 - One important note is that the estimated number of additional projects completed each year here doesn't include projects completed by the new in-house operational resources that we talked about earlier; those projects would be in addition to these. Cumulatively, we would expect to complete approximately 40-50 total Drainage Assistance projects per year in total moving forward.

So, what sort of rate adjustment are we recommending?

The rate change required to generate the additional \$3 million on the capital side equates to 70 cents per SFEU, and the rate change required to generate the \$1.3 million on the operational side comes to 30 cents per SFEU.

In total, we're proposing a \$1.00 per month per SFEU increase to the stormwater rate.

What does \$1.00 increase mean for our customers?

The majority of our customers (84,000 out of about 127,000) pay the flat rate average residential rate of \$4.00 per SFEU, so a \$1.00 rate increase would be an additional \$12 per year.

Our 17,000 or so commercial customers would see increases of varying levels, based on the number of SFEUs for which they're billed.

- It's important to remember that the commercial rate is still one SFEU per 2,260 of impervious area, based on actual impervious area present.
- In the examples here for small, medium, and large commercial properties, the effect is a monthly increase of \$10, \$44, and \$327, respectively
These are representative monthly bills, not averages, to give you a general idea of the impacts.

The average commercial property is charged just under 14 SFEUs, or about \$56/month, for stormwater.

Said another way, this proposed rate adjustment would raise the average commercial property's stormwater fee by \$14/month, or \$168/year

In terms of the impact to our budget of both the funding increase and the fund balance allocation, we would see an increase of 77% to our Capital funding level, and a 45% increase to our direct cost allocation for the new crews in the Transportation Field Services Division. This would result in an overall increase to our FY17 budget of about \$6.2 million, or about 35%.

In looking at where this would place us among other municipalities within the state of North Carolina, we'd be moving to the average (\$5.00) of this data set, and be 50 cents above the median rate (\$4.50).



At the national level, a rate of \$5.00/SFEU would keep us below the average of \$5.87, and place us directly at the median rate.



To summarize:

- A \$1.00 adjustment to the stormwater rate would allow a significantly increased level of service
 - Including reduced response time to failures

- And much more aggressive capital investment, including an expanded Drainage Assistance Program
- All while keeping Raleigh very competitive in terms of our stormwater fee
- We'll also be utilizing our accrued fund balance in a targeted way in order to accelerate several large and critical projects

So I have two recommended actions for you in wrapping up this presentation. The first is that I would be very happy to answer any questions or feedback that you might have related to the information that I just shared.

And the second is, as we talked about earlier, to refer the Drainage Assistance Policy revisions that will be coming out of the SMAC early next month to the Growth & Natural Resources Committee.

Discussion took place regarding how average square footage was calculated with Mayor McFarlane questioning what happened with Seattle's monthly rates and Stormwater Manager Hinkle responding Seattle has a very aggressive stormwater management program.

Ms. Baldwin questioned the project backlog was work the City performed internally with Stormwater Manager Hinkle responding staff utilizes outside consultants and the projects are bid out.

Discussion took place regarding ways improve processing CIP projects process with Mr. Thompson questioning whether most of the project designs are performed by outside consultants and Stormwater Manager Hinkle responding in the affirmative; however, smaller projects are designed in-house.

Discussion took place regarding the project backlog with Mr. Hinkle indicating it would take approximately 2 years to complete the projects on the backlog list. Mr. Thompson questioned how staff defined the "holistic" approach with Stormwater Manager Hinkle responding staff looks at the broader scope for projects in response to stormwater petitions.

Mrs. Crowder questioned with additional crew whether more projects would be completed in-house with Stormwater Manager Hinkle responding in the affirmative.

Mrs. Crowder talked about flood mitigation and questioned whether there was a process in place to show how funds are spent with Stormwater Manager Hinkle responding funds are provided through a matching grant from FEMA. Mrs. Crowder questioned whether the funds are provided based on need with Mr. Hinkle responding in the affirmative adding the funds are provided based on FEMA's determination and indicated the Milner Inn project was a good example.

Discussion took place regarding whether the City could reduce the stormwater fees once it is caught up on the project backlog as well as whether the City would consider the Neuse River a possible water intake source. The discussion also included the number of backlogged projects slated that were not yet approved by Council as well as how future stormwater requests would be

handled with Mayor McFarlane indicating there may be requests in the system that may not yet appear on the list.

Mr. Cox question whether Lake Lynn was included in the project list noting portions of the lake were being filled in with sediment with Stormwater Manager Hinkle indicating Lake Lynn is owned by the County.

Mr. Cox questioned how the SFEU rate is listed with Mr. Thompson indicating the rate is listed on the water bill and pointed out he brought a copy of his recent bill to the meeting to show the rate is indeed listed with Stormwater Manager Hinkle indicating Mr. Thompson was correct.

Discussion took place regarding how residential tier rates are determined and calculated with Mrs. Crowder requesting a printout of the tiers and Stormwater Manager Hinkle indicating staff will provide that information.

Mr. Thompson questioned how stormwater rates are calculated for homeowner associations with Stormwater Manager Hinkle responding staff looks at the total impervious surface area and the homeowners association has the option of dividing the total rate by the number of units in the complex.

Mr. Stephenson talked about the percentage of funds used in stormwater runoff prevention and as well as the City's progress in light of new development.

Following further discussion, Mayor McFarlane indicated that, without objection, the Council will refer the Drainage Assistance Policy revisions to the Growth and Natural Recourses Committee

Ms. Baldwin questioned the last time the stormwater rates were increased with Stormwater Manager Hinkle responding there has been no increase since the fees were enacted 12 years ago. Ms. Baldwin expressed her belief it was about time the City stepped it up regarding the fees with Mr. Thompson expressing his hope the City would not be hit with another major hurricane or else the stormwater funds would deplete quickly.

Mayor McFarlane talked about the timeliness with regard to the proposed rate increase.

Mr. Stephenson talked about the continued need to maintain water quality in the City's streams.

Mr. Gaylord arrived at 1:45 p.m.

PUBLIC UTILITIES ENTERPRISE – INFORMATION RECEIVED; PROPOSED WATER AND SEWER RATE INCREASE AND FOG ADMINISTRATIVE CHARGE – PRELIMINARY APPROVAL GRANTED WITH THE UNDERSTANDING FINAL APPROVAL WOULD NOT OCCUR UNTIL BUDGET ADOPTED IN JUNE

Public Utilities Director Robert Massengill noted the Public Utilities Department has a new logo, which appeared on the first slide of his department's PowerPoint presentation. He went on to present the following information:

Thanks for this opportunity to present our information to you.

We have a very limited amount of time so we will get right to it.

In addition to addressing replacement of our aging underground infrastructure, which we will talk more about later, much of our efforts over this past year have been focused on continuous improvements in the areas of customer service and our day to day operations.

Our Mission is to protect human health and the environment. We are doing both at a very high level.

On the wastewater side:

We received the NACWA Peak Performance awards again this year for 100% permit compliance at all three of our Wastewater treatment plants.

Our number of SSO's/100 miles of pipe is among the lowest in the country. Last year, we experienced 1.2 SSO's/100 miles of pipe, compared to the national average of roughly 4.5, and southeastern United States average of almost 7 SSO's/100 miles of pipe.

Our WWTP's performance for nitrogen removal is among the best in the world. The limit of technology for nitrogen removal is considered to be 3.0 ppm, while our plants' discharges are routinely in the 2.0 ppm range.

The Neuse River Resource Recovery facility is recognized internationally as one of the largest WWTP's in the United States performing below the limits of technology. And, both our wastewater treatment and sewer collection Divisions have implemented environmental management systems and received third party audit verifications as meeting ISO 14001 standards, which are all about continuous improvement.

On the water side:

We have received the state recognized Area Wide Optimization Program (AWOP) Award for the last 3 years.

AWOP was developed to help water systems meet more stringent regulations and achieve higher levels of water quality. The goals of AWOP are to minimize fluctuations in water quality and treatment plant performance.

We received the Director's Award from the Partnership for Safe Water in 2014 and 2015. The Partnership for Safe Water is a nationally recognized program focused on water plant operations, water quality, and continuous improvements. The Director's award recognizes utilities with high performance in providing safe drinking water. We have placed in the top 2 in the Best Tasting water in NC contest for the last 3 years, which is amazing considering all of the entries from across the state each year.

We have also received the Gold Award from the American Metropolitan Water Association (AMWA), our National Water Industry Association, for our strategic planning initiatives and overall management of the Utility.

We are eligible to apply for their Platinum Award this year and I expect to be able to report that accomplishment in the upcoming year.

Today, our agenda will focus on:

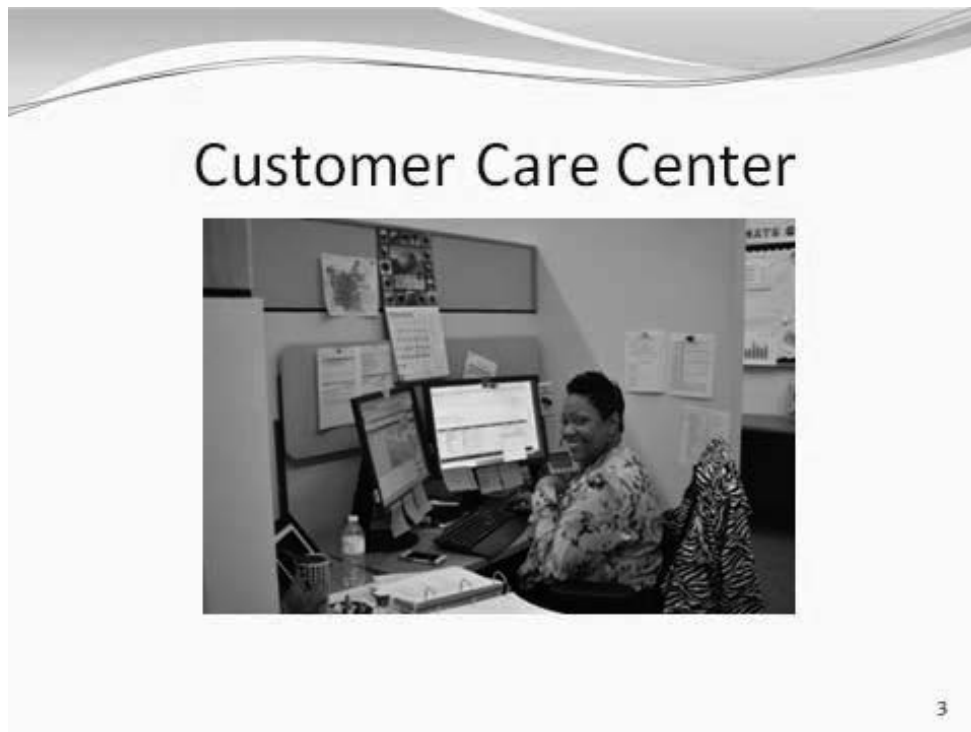
- Customer service
- Replacing our aging Infrastructure
- The Rate Model and Budget
- Our proposed rates for FY 17
- And at the end, a new program that we are proposing to assist our low income customers

Karen, John and Ed will assist me today and I will introduce them as they come up.

In line with the Mayor's State of the City Address, we've been listening to our customers over the past year to understand how we can better meet their needs. We've been working on several things that will improve customer service and support the initiatives of the Organizational Excellence component of the City's Strategic Plan.

Karen Ray, Assistant Public Utilities Director over Customer Care and Billing, presented the following information:

Hello! Let me start out putting a face with a program.



Tonya is one of our newest Customer Service Representatives. She has a lot of enthusiasm for her job, which is talking to customers all day. Every day. Despite all of that talking Tonya is very polite and professional and she is ALWAYS smiling. We are lucky to have her.

I am proud to be here speaking with you today. As a champion for the Customer Service Initiatives in the City's Strategic plan, my focus for the past year has been on enhancing the customer service experience. So with that, let me share some of our accomplishments over the past year.

This past December, as a joint effort, Solid Waste Services and Public Utilities worked together to consolidate all the SWS and PUD calls into one area. We took eight different phone numbers and centralized them behind the scenes so they all went to the same place instead of scattered throughout the City. By consolidating the PUD and SWS calls to one number we have been able to streamline processes and reduce the number of interactions the customer makes with the City regarding their utility services.

We honestly had a bit of a rough start in December and January. We had high expectations and very aggressive goals and we were disappointed that we were not close to those goals. But staff in both groups persevered, and with your help in pushing through a mid-year personnel request we were able to add four additional positions which has helped us tremendously.

When planning this consolidation we anticipated potential long hold times as we transitioned to a new way of doing business and implemented an option on our automated phone system, or IVR, to allow customers to receive a call-back rather than waiting on hold during high volume periods. Since this offering became available in Dec, over 3000 customers have taken advantage of this option and it is growing in popularity daily.

We continue to seek opportunities to quickly communicate important messages to our customers in a timely manner. One such mechanism is the use of the GovDelivery tool which allows us to call, text, or email customers important and relevant information quicker than going door to door. Some of these messages might be a boil water advisory, pipe freeze warning or water/sewer construction in their area.

Our goal is to help our customers be successful in making timely payments. Timely payments help avoid extra fees associated with disconnection of water. It also reduces the burden of being without water and, paying the utility bill on time reduces unmanageable account balances that customers will struggle to overcome for a longer period of time. With that being said, we listened to our customers and our staff say that we needed to be more flexible with our payment arrangement policy. We re-visited the policy and expanded the options for payment plans also known as payment arrangements.

On average, 2% of our customer base is disconnected for non-payment each month. We don't want that. It is costly for us and frustrating for the customers. We now allow customers as many payment arrangements as they want or need as long as they keep up their end of the arrangement. We work with the customers and allow them to tell us what they can afford and when they can pay. The goal is to keep the water on at the property and still receive the payment for services we have provided. The flexibility we have extended on this policy is helping both staff and the customers.

In the coming months and years we have many projects planned to enhance the customer interaction with Public Utilities and SWS. Our first major task in the new fiscal year is to upgrade our Customer Care and Billing System. This will be a large undertaking, but we recognize the importance of keeping the software up to date now and in the future.

While we work on that upgrade we also have other projects we will be working on. One current initiative is automated payment reminders. You heard me mention that we are more flexible on payment arrangements, but we want to help the customers be successful in making the timely payments so we are creating an electronic method of notification about what to pay and when. The same system will electronically notify customers in advance of their account being disconnected to prompt payment prior to disconnection. We will be working hard in the coming months to collect email addresses for most, if not all accounts to expedite this process.

The next item I want to discuss is expanding our self-service options for our customers. This is the #1 biggest driver of phone calls and the #1 complaint from customers. They

are frustrated that they have to call us because they cannot complete simple tasks for themselves online like they can with other utilities.

We want to offer these options for our customers. The flexibility to electronically start a new service account on their lunch break or request automatic bank drafts without sending us a form in the mail would be so incredible! One key area we are focusing on is to allow customers the option to request payment arrangements online. By implementing this change we hope to remove the fear some customers have about asking for help, because sometimes you just need a little help.

I want to thank you again for your time today as well as your support for ongoing customer service enhancements.

City Manager Hall expressed his thanks to the Public Utilities staff for the efforts taken to improve customer service.

Mr. Branch questioned whether customers without online access could still call in to pay their utility bills with Assistant Director Ray responding in the affirmative and Mr. Massengill talking about how web access helps younger customers with payments, initiating or terminating service, etc.

Mr. Cox customers going through life-changing events experiencing problems with the fees the City charges for changing the names on utility accounts with Assistant Director Ray indicating in certain life events, there is no fee charged to change the name on a utility account; however, if there is only 1 person named on the account, staff must protect the privacy of that account.

Mr. Thompson questioned the majority of the type of calls fielded by staff at the call center with Assistant Director Ray responding most of the calls involve the starting or terminating of utility services, with a balance of the calls involving restarting service that was interrupted.

Public Utilities Director Massengill continued his presentation:

On the Capital side, long term planning for growth in our pipes and plants continue to influence our Capital Improvements Program, which are important to the Economic Development and Growth of the service area.

Our 10 year CIP is over \$1.3 Billion.

Capital Improvements Plan

- Total Proposed 10 Year Plan \$1,360,743,000
- 5 Year Spending by Category (largest categories only):

Category	Proposed Amount	% of 5 Year CIP
Large Wastewater Pipelines (Interceptors)	\$237,850,000.00	34.6%
Asset Management (small water and sewer pipeline replacement)	\$150,153,000.00	21.9%
Neuse River Resource Recovery Facility Expansion	\$93,450,000.00	13.6%
Water Treatment Maintenance/Rehab	47,950,000.00	7.0%
Wastewater Pump Stations	\$35,200,000.00	5.1%

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This is a snapshot of our largest categories in the 5 year window. Our biggest and most important initiative is replacing our aging underground infrastructure, our pipes, both large and small....out of site, but not out of mind, at least not for us.

John Sorrell, Asset Management Program Manager, talked about how efforts to address the City's aging system utilizing the following outline and charts included in the agenda packet:

Infrastructure Replacement

Infrastructure Replacement

Condition and Criticality Ratings Determine Risk and the Recommended Course of Action

Criticality = Consequences of Failure

		Criticality				
		1	2	3	4	5
Condition = Probability of Failure	5	Mid Priority Program Rehab	High Priority Program Rehab	High Priority Program Rehab	Highest Priority Action	Highest Priority Action
	4	Mid Priority Program Rehab	Mid Priority Program Rehab	High Priority Program Rehab	Highest Priority Action	Highest Priority Action
	3	Low Priority	Low Priority	Regular Monitoring	Frequent Assessment	Frequent Assessment
	2	Low Priority	Low Priority	Regular Monitoring	Frequent Assessment	Frequent Assessment
	1	Low Priority	Low Priority	Regular Monitoring	Regular Monitoring	Regular Monitoring

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Initial Results:

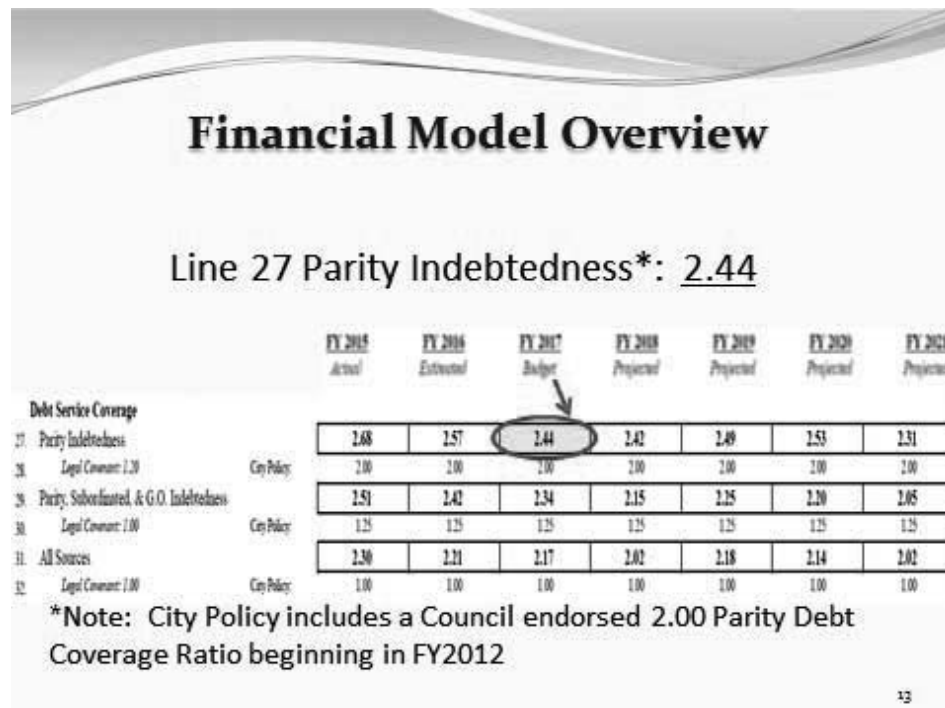
- Upper Pigeon House: 84% of mains inspected require rehab or replacement
- State Street: 80% of mains surveyed require rehab or replacement

In Design:

- 40 Miles of water and sewer main currently in design for replacement.
- Estimated construction cost: \$52,000,000*
 - o FY16 and proposed FY 17 \$34,000,000
 - o Proposed FY 17 \$18,000,000

* Based on budgetary costs: \$150/lf for water; \$200/lf for sewer

Public Utilities Director Massengill continued his presentation:

**Financial Model Assumptions**

- Based on 2015 Demands
- Assumes a 1.5% growth in accounts
- Assumes 0.5% growth in consumption beginning in FY19
- Maintains Financial Policies

I wouldn't get too concerned by the funding deficit shown here. We didn't get into this situation overnight, and we don't expect to get out of it overnight. It's going to take some time. As John pointed out, it's all about prioritizing which pipes get replaced first.

The Utility Rate model is the tool we use to do our financial planning and determine what it will take to meet our financial obligations, including our operating costs, debt service payments, and infrastructure replacement funding. We don't have enough time today to go into the weeds of the model, but there are a few important things I'd like to share.

The model includes no growth in overall water demand again this year, and while we do project growth in accounts, we don't anticipate demand will grow until FY19. This is important because almost all the revenue to support the utility comes from water usage.

Since the 2008 drought, our total water demand has continued to decline each year, despite steady population growth in the service area.

We attribute this to three things:

- An intelligent customer base that remembers the drought and continues to conserve
- The pricing signal from the tiered rate system, and
- High efficiency water fixtures which are now standard in new houses and retrofits

Our 2015 water demand is about the same as it was in 2007.

This cuts both ways. On the positive side, it allows us to defer water treatment plant expansions and development of our next water supply.

On the negative side, it reduces revenue.

We continue to exceed our financial metrics that are most important to the bond rating agencies (Fitch, S&P, and Moody's) to maintain our high credit rating, primarily the parity debt coverage ratio, which is shown on line 27.

Parity debt ratio is calculated by subtracting our operating expenses (13) from our total revenue (12), and dividing that by our bond debt service payment amount (15).

For the last 5 years, the rate model had consistently forecasted that we would need a 6% rate increase in FY17.

Through operational efficiencies, cutting our operating budget, refunding some of our debt, I am happy to report that we are able to reduce the proposed rate increase to 4%. Lines 41 & 42 of the rate model show the impact on our average residential customer,

which is our 5CCF customer. The increase for them would be \$1.99/ month, or about half the cost of a Big Mac, of which \$1.25 is for Infrastructure Replacement. (63%).

Proposed Rates (5/8" Meter)

	Current	Proposed Increase	Proposed
WATER			
Admin	\$5.98	No change	\$5.98
Infrastructure	\$1.25	\$0.25	\$1.50
Volumetric			
Tier 1	\$2.42	2%	\$2.47
Tier 2	\$4.03	2%	\$4.12
Tier 3	\$5.38	2%	\$5.49
Watershed	\$0.11	No change	\$0.11
SEWER			
Admin	\$6.56	No change	\$6.56
Infrastructure	\$3.25	\$1.00	\$4.25
Volumetric	\$4.23	2%	\$4.32

\$1.25 of overall \$1.99 increase for a 5 CCF customer is the water and sewer infrastructure replacement charge

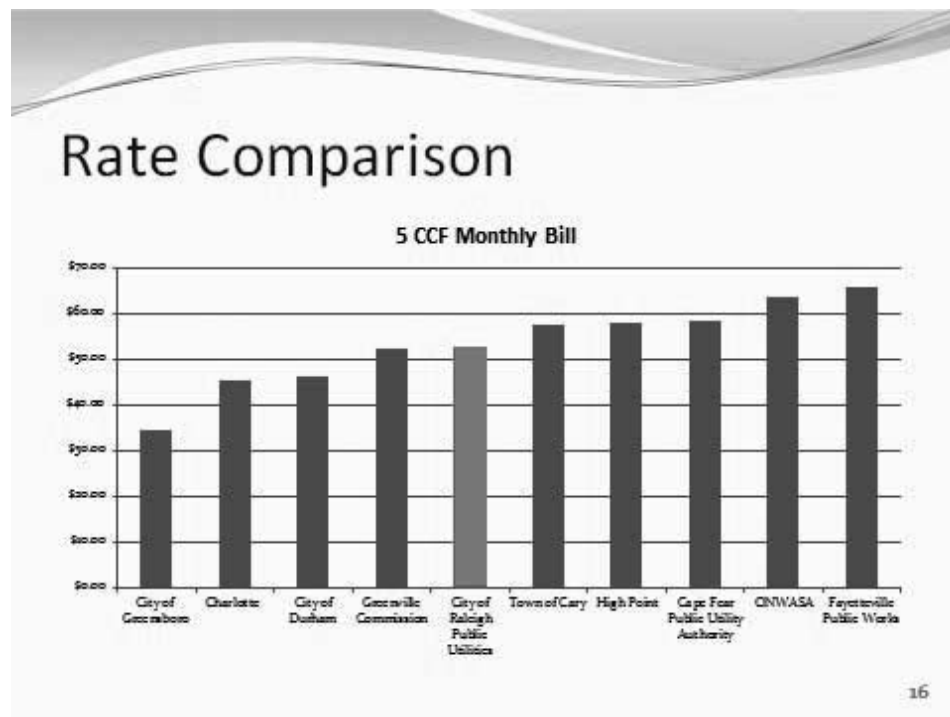
This is how we propose to achieve the rate increase on the 5/8" metered residential customer.

- No Change to the Admin or Watershed Charges
- \$1.25 on the fixed side of the bill for water and sewer Infrastructure Replacement, and
- 2% on the volumetric charges for both water and sewer.

The fixed charges on the bill, the Admin and Infrastructure Replacement Charges are based on the customer's meter size, so customers with larger meters will be different than shown here.

The 2% volumetric change is the same for all customers.

So, how do we compare with our peers?



We are not the cheapest, and we are not the most expensive. We are right in the middle, and we can say that we are collecting the full cost of service because we are funding our pipe replacements.

FOG...what the heck is FOG? Well, it is the stuff that's hard to drive in, but that's not what we are talking about. We are talking about Fats, Oils, and Grease. The stuff that clogs our sewer pipes and causes SSO's.

We began a FOG reduction program in 1999 to help reduce the increasing number of SSO's.

FOG comes from many places, but the leading contributors are Food Service Establishments or FSE's and commercial vehicle washing and maintenance facilities.

Food service establishments include the obvious places like restaurants, but also include other places with commercial grade kitchens and grease traps, including hospitals, nursing homes, and some churches.

We regularly inspect and regulate about 2000 FSE's with a staff of four, and a program cost of about \$270,000/year.

This year, we are proposing a \$10/month FOG charge for all FSE's and Commercial FOG generators, which will cover about 85% of the program cost. (Full cost recovery would be \$12.00/month). The intent is to put the burden of the cost of the program on the

users who are creating the costs, instead of the rest of the customers. A \$10/month FOG charge is the same as the Town of Cary's current FOG charge.

This year, as in the past, we seek your preliminary approval of the proposed water and sewer rate increase to allow us time to program the changes in the billing system and test the system before the bills go out in July, and so we can communicate the proposed changes to the merger partners and our large customers so they can plan for them in the budgets.

We also seek your preliminary approval of the FOG Administrative charge so we can communicate the new charge to the FSE's and other stakeholders. Final approval would not occur until the City's budget is approved this June.

Before we move on to the proposed bill assistance program, we'd like to see if you have any questions about would we've discussed so far, and ask for your approval of the recommendations.

Mr. Thompson questioned the average daily water usage with Asset Manager Sorrell responding the rate of water usage is about 94 gallons per day system-wide with Public Utilities Director Massengill pointing out the rate is lower than the national average. Mr. Thompson questioned the percentage of customers who are hooked up to water and not sewer Mr. Massengill responding approximately 1,500 customers are hooked up to sewer system only.

Following further discussion, Mayor McFarlane expressed her appreciation for staff's efforts in compiling information for today's presentation and made a motion to uphold staff's recommendations, which include: 1) granting preliminary approval of the proposed water and sewer rate increase to allow staff time to program the changes in the billing system and test the system before the bills go out in July, and also that staff can communicate the proposed changes to the merger partners and our large customers so they can plan for them in the budgets; and 2) grant preliminary approval of the FOG Administrative charge so staff can communicate the new charge to the FSE's and other stakeholders, with the understanding final approval would not occur until the City's budget is approved in June. The Mayor's motion was seconded by Mrs. Crowder and put to a vote that resulted in all members voting in the affirmative. The Mayor ruled the motion adopted on an 8-0 vote.

Public Utilities Director Massengill continued with his presentation:

Proposed Bill Assistance Program

Our customers have also been asking about whether we offer any kind of financial assistance with their utility bills. In response, we worked to develop a bill assistance program for your consideration. Ed Buchan, one of our Environmental Coordinators is here to tell you more about it.

Environmental Coordinator Ed Buchan presented the following information:

Background:

Following the adoption of tiered residential water rates in November of 2010 and a series of utility rate increases during the subsequent fiscal years, anecdotal feedback from stakeholders and elected leaders suggested the combined utility bill may present an affordability issue for some economically distressed customers. This led the City of Raleigh Public Utilities Department to undertake an affordability analysis in 2015, which indicated approximately 10% of the City's utility customers, could fall outside of the Environmental Protection Agency's (EPA) recommended affordability standard based on their estimated annual income (see "Responses to Possible Questions" section for information on EPA's affordability criteria).

City staff reviewed various utility bill assistance programs provided by peer communities, met with local assistance program managers and explored in detail the limitations of such programs imposed by State law. Local program examples include donation based systems such as the "Oasis" program in the Town of Cary and the "Care to Share" program developed by the Orange Water and Sewer Authority. Funding for these programs relies on donations through bill "round ups" or specified donation options, although customer participation rates appear to be very low (ranging between 2% to 5%), therefore generating limited amounts of available funding.

Another common funding mechanism for utility bill assistance programs is through the General Fund, which often provides an annual sum that is administered by either County social service staff or a 3rd party non-profit organization. Examples include the City of Charlotte and the City of Durham which provide approximate annual amounts of \$180,000 and \$150,000 respectively for water and sewer utility bill assistance.

Recommendation:

City staff proposes the City of Raleigh and the six merger communities allocate resources from their respective General Funds in a prorated share based on the number of active utility accounts in each community to fund a *Utility Bill Assistance Program*. Program eligibility would be based on demonstrated economic need and assistance funds disbursed through a "first come, first serve basis". If a merger community opted not to participate, the customers in that jurisdiction would not be eligible for assistance from the program. Eligibility screening would be performed by Wake County Human Services staff in conjunction with existing social assistance programs and based on the established eligibility criteria for these programs. The total amount of assistance provided in a given fiscal year to an eligible customer would be limited to \$240/year/customer. Bill adjustments would be made by City of Raleigh Customer Care and Billing staff. City staff would provide a program summary report annually to the Raleigh City Council and the Boards and Councils of each participating merger community.

Funding Formula:

Based on a contribution of \$200,000 from the City of Raleigh, total program funding would be \$254,000, assuming all six merger communities participate. Each entity's prorated share is shown below:

Raleigh	78.74%	\$200,000
Wake Forest	8.27%	\$21,006
Garner	5.58%	\$14,173
Knightdale	3.20%	\$8,128
Wendell	1.63%	\$4,115
Zebulon	1.38%	\$3,505
Rolesville	1.21%	\$3,073

Program Details:

Potential program eligibility criteria could include Choice in Housing voucher recipient, housing authority residence, Supplemental Nutrition Assistance Program (SNAP) participant, Temporary Assistance for Needy Families (TANF) recipient, Women, Infants and Children (WIC) recipient or Federal Communications Commission (FCC) Universal Access Initiative participant, and/or other Wake County assistance programs.

The total amount of assistance provided in a given fiscal year to a customer would be limited to \$240/year/customer and recipients may elect to receive that amount to pay a single bill, multiple bills, or be spread evenly to each monthly bill.

The funds would remain with the City of Raleigh with no actual transfers between Wake County and the City of Raleigh. Initial transfers of funds from the merger communities to Raleigh would occur at the beginning of each Fiscal Year. Wake County would send a voucher verifying a customer's eligibility via email to Raleigh Customer Care and Billing staff. Raleigh would transfer the funds for qualified customers via journal vouchers between the reserve fund and the Customer Care and Billing unit, which will apply the funds to the eligible account. This is essentially the same program accounting system utilized by the City of Durham and Durham County.

Because the funding source is the General Fund of each participating community, non-metered charges will also be eligible for assistance and service payment prioritization would remain unchanged.

Participation in the existing Leak Adjustment Policy or Payment Plan Program would not impact eligibility for the Bill Assistant Program; water customers may receive assistance or participate in all three options at the same time.

Responses to Possible Questions:

- Why can't utility enterprise revenues be used to fund a bill assistance program?

General Statutes G.S. 160A-314 and G.S. 153A-277 prohibit utilities from charging different rates for customers within the same service class (e.g. residential, commercial). Therefore, no customer in a given service class could receive a reduced or otherwise subsidized rate through utility enterprise fund support. Noted utility legal advisor Kara Millonzi with the UNC School of Government provides further clarification on the issues of utility rate making and the ability of customers to pay: "The same rationale also prohibits municipalities from charging utility rates according to income levels or ability to pay. Redistribution of income is not a valid utility rate-making function ...Similarly, courts have held that underbilling utility customers (even inadvertently) - amounts to prohibited discrimination". Additionally, bill assistance program administration appears to be limited to non-enterprise entities based on information from the UNC Environmental Center Blog: "In North Carolina, water utility revenues are not to be used to even administer these programs". The Raleigh City Attorney's Office has reviewed the relevant statutes and concurs with these conclusions. It should also be noted that City staff are not aware of any public water and sewer utility in North Carolina which uses enterprise funds to support a utility bill assistance program.

- Should available assistance funds be prorated between communities?

Customer eligibility in any of the municipalities should NOT be based on the prorated contribution of the municipality; the existing Merger Agreements stipulate that customers in the partner communities would be treated the same, without distinction.

- How is utility bill "affordability" defined?

The affordability criterion is defined by the EPA under the Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) programs. Under this affordability guidance, annual water and sewer bills should be less than 4.5% of Median Household Income (MHI), (2.0% for water under the CWA and 2.5% for wastewater under the SDWA). However, utility industry associations such as the American Water Works Association have developed additional guidance documents which recommend evaluating other economic indicators to help refine the service area income dataset. Using these recommendations, Public Utilities staff were able to provide a more complete understanding of the potential assistance needs beyond the EPA suggested MHI based method.

- Why is the total amount of assistance provided in a given fiscal year to a customer

limited to \$240/year/customer?

Public Utilities staff reviewed the average monthly bill for a 5 CCF customer and the difference in that bill resulting from rate increases since Fiscal Year 2011. The total annual increase is approximately \$240 over the 6-year period if the proposed rate increase for FY17 is included in the calculation. Under the proposed utility rate increase for FY17, the average customer will pay approximately \$653 annually for water/sewer services, and the recommended \$240/year/customer could subsidize an eligible customer's annual total bill by approximately 37%.

Rate Implemented	5 CCF Customer	Difference
Nov-10	\$34.42	
Jul-11	\$37.76	\$3.34
Jul-12	\$41.66	\$3.90
Jul-13	\$44.93	\$3.27
Jul-14	\$49.03	\$4.10
Jul-15	\$52.46	\$3.43
Jul-16	\$54.45	\$1.99

Highlights from the Affordability Assessment Report:

- Actual average water and wastewater bill of overall service area= \$51 per month (inside city limits), \$103 per month (outside city limits) [pg. 6]
- The Median Household Income (MHI) of overall service area = \$56,317/year [pg. 8]
- Average water and wastewater bill as percentage of service area MHI = 1.10% [pg. 9]
- Raleigh's average water and wastewater bill as percentage of MHI = 1.10%, Raleigh's average total bill (including all services) as percentage of MHI = 1.5% [pgs. 9 & 11]
- Throughout the service area, 10% of households (20,246) could be paying more than EPA's suggested 4.5% of income on water and wastewater bills [pg. 9]
- Late fees were charged to 25% of accounts {47,000} on average per month in FY14 [pg. 12]
- 2,711 payment plans were initiated at the beginning of FY15, (representing 1.4% of accounts) totaling \$800,107 [pg. 13]
- 20,972 residential accounts (13%) had their service disconnected at least 1 time over a 2-year period, 2,618 accounts (1.57% of residential accounts) averaged 2 or more severances per year [pgs. 15-16]

Public Utilities Director Massengill indicated staff has reached out to its merger partners to consider assistance funding as part of their budget process and stated if a merger community opts in, then its customers are eligible to participate in the program; if a community opts out, then its customers will not be eligible for participation.

Mrs. Crowder questioned if staff looked at other models for low income assistance with Public Utilities Director responding because of the Flint, Michigan incident, there may be some federal disaster assistance available.

Ms. Baldwin suggested communities who opt into the program round up the utility bill amounts with the balance designated to low-income assistance.

Discussion took place regarding the legality of having a utility bill round-up policy with City Attorney Tom McCormick stating the City would have to make the option clear to customers.

Mr. Cox questioned the number of customers who pay their utility bills electronically as opposed to writing a check with Assistant Director Ray responding staff will provide the information noting there are very few customers on automated pay process at this time.

Mr. Cox suggested providing a check box on the City web portal so a customer can activate a donation process.

Discussion took place regarding the number of customers qualified for billing assistance with Mr. Branch questioning whether the City could use both general funds and donated funds for the program and Public Utilities Director Massengill responding in the affirmative.

Discussion took place regarding participation rates in donation programs with Mr. Gaylord questioning the number of customers served in the City's system and Public Utilities Director Massengill responding there are approximately 180,000 customers served. Mr. Gaylord questioned whether there were any grant funds available with Mr. Massengill responding there are no grant funds available as of yet; however, there may be funds available down the line given the Flint, Michigan incident.

Discussion took place regarding proposed program models and structures as well as possible criteria for participation with Ms. Baldwin indicating she liked the idea of the program and suggested that staff consider a hybrid model.

Mr. Stephenson talked about utility bill affordability for low-income customers.

Mr. Thompson indicating he would like more information as part of a budget note with City Manager Hall indicating staff can bring the information back to the Council at a later date.

SOLID WASTE SERVICES ENTERPRISE – INFORMATION RECEIVED

Assistant Solid Waste Services Director David Scarborough presented the following information:

SWS is responsible for the collection and disposal of solid waste within the City of Raleigh, and promoting the general cleanliness and health of the City. It is supported by user fees, City's General Fund and revenues generated through the sale of recyclables and yard waste materials

- Residential Collection: safe and efficient garbage collection and disposal services
- Recycling Collection: provides and promotes recycling services
- Yard Waste Collection: collection of residential yard waste materials that are prohibited by state law to be disposed of in landfills.
- Yard Waste Center: provides for recycling and sale of yard waste materials



Between 2008 and 2015, SWS's budget has increased from \$22.8 million to \$35.3 million, and our employee workforce has decreased from 240 to 202.

- From General Fund to Enterprise in 2013, which brought all direct and indirect costs in-house
- Decrease in staffing comes from transitioning to automated recycling.

We plan to address this continuing growth in FY17 by adding 3 new positions in our Operations Division. These additional staff resources will help us to better balance collection routes, utilize available fleet resources, and reduce overtime costs.

We are anticipating repair and other investments to maintain the gas collection system at the Wilders Grove landfill. This will ensure our compliance with standards... (over \$300k).

Staffing is covered by reductions in part-time and overtime budgets.

We completed an employee satisfaction survey in October 2013, in partnership with Human Resources to address employee concerns and interests. Employees identified several opportunities for improvement, which were further prioritized by employee focus groups.

One area identified was the Hiring and Selection process. It was thought of as an unfair process that restricted employees' abilities to advance. The department has created Team Advisory Committees (TACs) to enhance business processes and engage employees in participatory leadership. This had led to an open process where all employees who apply are interviewed, all interviews are done by panel and evaluated/ranked, and employees are provided training in both interview skills and business development to help present themselves as viable candidates.

The FY17 budget plans additional investments in technology and training to respond to employee interest in professional development opportunities. (The \$109K in training budget this year provides for outside trainers/presenters, workshops, conferences, SWANA and other professional certifications, 6 Sigma training, CDL licensing, and other opportunities.) This training is available to all employees.

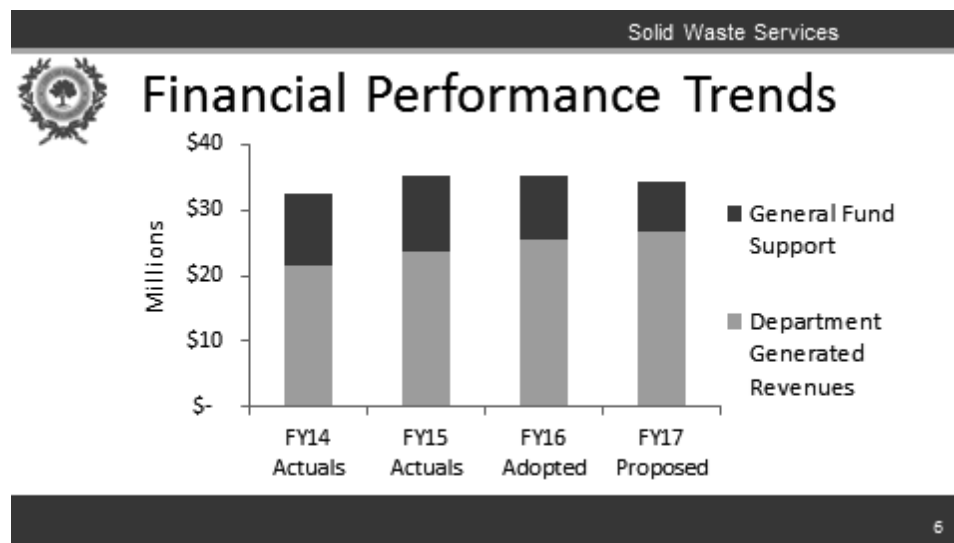
Due to world economic factors and the low price of oil, the recycling industry is experiencing significant changes. Prices in the commodities market have fallen significantly in the past two years. We are working with our recycling vendor to determine how this might change our financial model and ensure that recycling services provided by the city are not impacted. Regardless of the market, we will continue to promote recycling, as every ton of material diverted from the waste stream saves both tipping fees and valuable space in the landfill.

We have worked with Public Utilities and Storm Water to provide a consolidated customer support center for all City of Raleigh utility-related questions and concerns. Cityworks process changes has decreased the number of complaints. We will continue to work with the other utilities as we implement an upgrade to the customer care and billing software to enhance the billing system and provide additional self-service opportunities through the online portal.

Another effort we have made to improve our service is through several technology enhancements that we are currently implementing. Automatic vehicle locators installed throughout our fleet are helping us to better manage vehicle usage and decrease missed collections. Routing technology is also being implemented to regularly balance collection routes and ensure efficient routing. This will allow the department to maximize fleet and staff resources. One final piece of technology, RFID readers, will allow us to better understand recycling patterns across the city, information we can use for targeting education efforts and future service needs.

May – October 2014, the Waste Reduction Task Force met, with the directive of “identify waste reduction goals and further evaluate the strategies outlined in the Comprehensive Plan Material Resource Management Plan” ... considering social equity, fiscal impact to the City and its citizens, as well as environmental impacts.

A report will be presented to Council at the April 5th Council meeting, with recommendations made by SWS staff regarding as to next steps – presentation and discussion of potential costs/benefits of the various strategies.



This graph shows our main revenue sources – fees and charges we generate in the lighter green and general fund support in the dark green on top. As you can see, we’ve had steady growth in fees and reductions in general fund support.

Solid Waste Services

Rate Proposal

	FY14 Actuals	FY15 Actuals	FY16 Adopted	FY17 Proposed
Recycling Fee	\$2.60	\$2.60	\$2.60	\$2.60
Residential Collection Fee	\$9.70	\$10.70	\$11.45	\$12.20
Total Fee	\$12.30	\$13.30	\$14.05	\$14.80
Total Fee Increase		\$1.00	\$0.75	\$0.75

7

As we shared with you last year, as part of our three year plan to get to 80% cost recovery by FY18, and as such we have proposed a 75 cent increase in the residential collection fee. This additional revenue will allow us to meet the demands of servicing a growing community with additional staff and will also continue to decrease the general fund support for our department.



Even with the proposed fee increase, this chart demonstrates that our rates are very comparable to our peer municipalities within Wake County.

Solid Waste Services

	FY14 Actuals	FY15 Actuals	FY16 Adopted	FY17 Proposed	FY18 Projected
Department Fees & Charges	\$21.6 M	\$23.6 M	\$25.4 M	\$26.7 M	\$28.1 M
General Fund Support	\$11 M	\$11.6 M	\$9.9 M	\$7.6 M	\$6.9 M
Expenses	\$31.1 M	\$30.8 M	\$35.3 M	\$34.6 M	\$35.2 M
Cost Recovery	69%	77%	72%	77%	80%

9

This is a very high level picture of our financial model through FY18. This assumes a 75 cent increase in FY18.

Mr. Branch questioned how the General Fund supports Solid Waste Services and what the proposed \$.75 would cover with Assistant Director Scarborough responding funds are provided

through budget transfers and the proposed increase would reduce the amount of support from the General Fund.

City Manager Hall gave a brief history of the amount of General Fund support given to Solid Waste Services noting the goal is to achieve 80% of Solid Waste funding through fees and charges and pointed out that goal was to be achieved over time. He stated if the goal was not reached by FY 19 the Council could re-address the issue at that time.

Discussion took place regarding the recycling process and the amount of tonnage generated with Mr. Thompson questioning the amount of revenue generated with Assistant Director Scarborough stating the City receives \$35 per ton; however, the contract with current vendor expires this year, so that rate may change. Mr. Thompson questioned how often the bid request is sent out with Solid Waste Services Director Fred Battle responding bid requests are sent out every 3 years and indicated the current contract has a 3 year extension option; however, the vendor is currently losing \$10 per ton.

Mr. Thompson questioned whether pizza boxes could be recycled with Solid Waste Services Director Battle responding pizza boxes can now be recycled.

Discussion took place regarding contract negotiations with the current recycling vendor with City Manager Hall indicating Staff will bring a report of the negotiations back to the Council.

Mr. Gaylord requested a report on fund balances from year-to-year.

Mr. Stephenson questioned whether Solid Waste Services was considering a variable rate based on the weight of trash generated with Assistant Director Scarborough responding staff will bring a recommendation regarding that issue soon.

Ms. Baldwin requested information on how the increase in fees would impact local non-profits as well as the Convention Center.

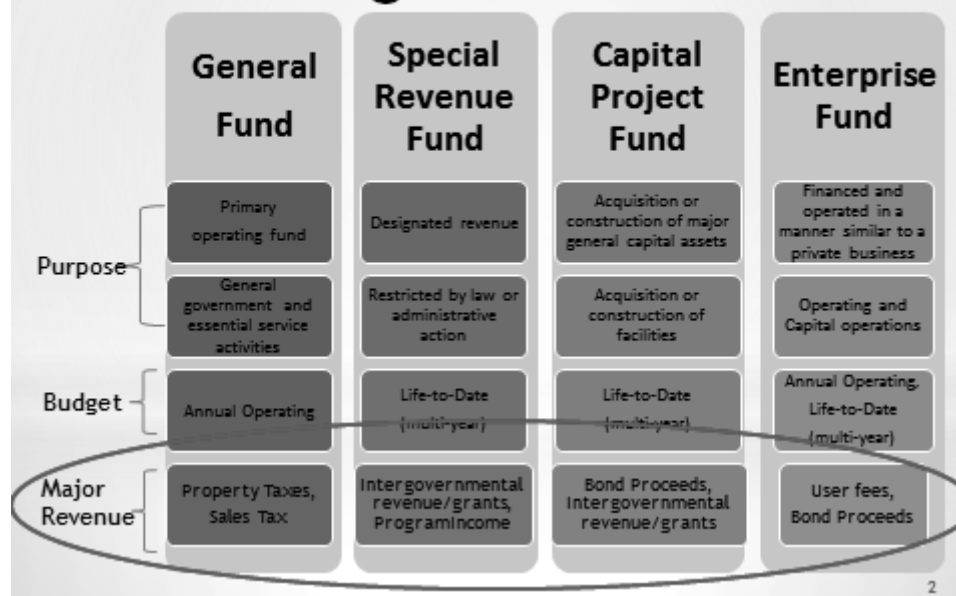
The report was received.

Ms. Baldwin and Mr. Thompson left the meeting at 3:07 p.m.

USER FEE STUDY UPDATE – INFORMATION RECEIVED

Assistant Finance Officer Alison Bradsher presented the following information:

Accounting Structure



User Fee

- Fee charged to individuals or groups who participate in a program or service or utilize City services



Philosophy



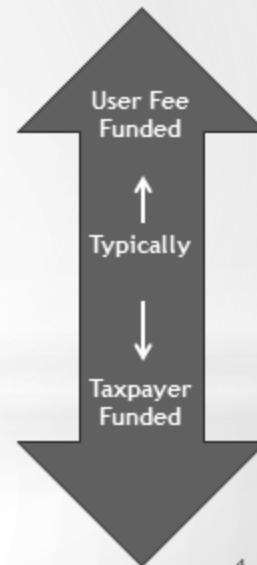
Mostly Individual
Benefit



Varying Levels of
Individual and
Community Benefit



Mostly Community
Benefit



4

Process

Laws

- What are applicable laws and statutes?

Factors

- What are the Market, Economic, Political, and the Philosophy of Department?

Cost

- What is the cost of providing the service?

Review

- Are fees periodically reviewed and updated?

Sustainable

- Are long-term forecasts and plans consistent with the decision-making?

Engagement

- How will the citizens / stakeholders be involved in the process?

Best
Practice
Policy

5

User Fee Studies Underway

Parks, Recreation and Cultural Resources

- Kick-Off - August 2015
- Policy Presentation - April 2016

Development Services

- Kick-Off - January 2016
- Policy Presentation - Fall 2016
- Potential Mid-FY17 Budget Adjustment

6

Key Take Away:

Policy Driven User Fees

Multi-year Initiative

Sustainable Best Practice Model

7

Ms. Bradsher noted fees do not have to cover the full cost of services and indicated the information was presented to the Parks, Recreation and Greenway Advisory board at their most recent meeting.

Mr. Cox talked about entrance fees at the City's swimming pools and expressed concern that when families bring children to the pool, the children are charged to use the pool; however the parents are also charged a fee even if they don't use the pool with Assistant Parks and Recreation Director Scott Payne responding parents are charged entrance fees as the pools are gated entries and indicated children under 16 are not permitted to use the pool without parental supervision.

Mrs. Crowder questioned whether discount cards are still available to citizens with Assistant Finance Officer Bradsher responding in the affirmative.

The report was received.

**FY 2016-2017 FEE RECOMMENDATIONS – INFORMATION RECEIVED;
ORDINANCES AND RESOLUTIONS ADOPTED – EFFECTIVE JULY 1, 2016**

Interim Budget Director Canada presented the following information:

Beginning with last year's budget development process, staff consolidated the annual incremental fee adjustment proposals into one comprehensive package to allow the fees to be considered holistically, rather than by individual department. Prior to FY16, these fees had been approved via the City Council agenda process. Providing the fee adjustments as part of the work session is intended to allow Council more time for review and deliberation.

Recommendation: Adopt these fee adjustments at the work session to allow staff to begin communicating the fee changes to stakeholders, testing and updating systems and using the fees for booking purposes. These fee increases, once adopted, will become effective in July.

Staff will be available at the Budget Work Session on Monday to answer any questions.

Fees proposed for FY17 adjustment include Development, Public Utilities, and Convention and Performing Arts.

Development Fees (Attachment A)

Staff Contact: Taylor Floyd, Budget and Management Services

The City's revenue indexing program allows for the annual adjustment of development fees, facility fees, and fire prevention fees and permits based on the Consumer Price Index (CPI) and the Engineering News-Record Construction Cost Index (CCI). This approach, initiated in 2006, is designed to be customer friendly, increasing development fees in a gradual and predictable manner.

The CPI annual prior year change from 2014-2015 (base years for FY17) is 0.10%, and the CCI average annual prior year change is 2.33%.The fee schedules have been

updated to include the annual increase and are outlined in Attachment A-FY17 Revenue Indexing. If approved, these fees will become effective July 4, 2016 per the Unified Development Ordinance.

Public Utilities (Attachment B)

Staff Contact: Jennifer Alford, Public Utilities

Various utility fees and charges are updated annually and adjusted in accordance with the CCI. The increase in the construction cost index is 2.33%, therefore, it is recommended that appropriate fees and charges be adjusted and respective sections of the City Code be amended to reflect the increase. The revised schedule of fees and charges are outlined in Attachment B - FY17 Public Utilities Fee Changes.

- Acreage Fee Reimbursement (Water and Sewer)

City policy provides a schedule of reimbursement amounts for the different sizes of oversized mains that are eligible for acreage fee reimbursement. City Code, Section 8-2094(c), should be amended to reflect the adjustment.

- Sewer Inspection Fee

Prior to being placed into service, all sewer main extensions and sewer service connections to the City's sanitary sewer system installed by a private contractor are inspected to ensure they have been properly installed.

- Utilities Charges- Water Meter/Hydrant Fee

Various charges are applied to utility accounts for additional utility work that is either initiated by the customer or because the customer was unavailable for the initial service to occur. These charges range from an account deposit charge to a Meter Test charge. In addition, these charges include the hydrant meter charges. Hydrant meters are issued as a temporary water service to customers.

- Water and Sanitary Sewer Tap Fee

Property owners are charged a tap fee for water (3/4-inch, 1-inch and associated irrigation splits) and sanitary sewer (4-inch) taps installed in the right-of-way by either Public Utilities staff or contractors working for the City.

- Water Meter Installation

In March 1986, the City began installing all water meters. The fee adjustment affects all the meter sizes indicated in the schedule. The "not-ready" fee remains unchanged.

- Water and Sewer Extension Policies - Reimbursement and Rounding of Indexed Fees

Rates have been adjusted to reflect the increase in the CCI.

All other charges remain unchanged.

Raleigh Convention and Performing Arts Complex (Attachment C)

Staff Contact: Hazel Cockram, Raleigh Convention and Performing Arts Complex

The Raleigh Convention and Performing Arts Complex staff annually reviews the rental fees and rates charged for labor, equipment and services at the facilities. In FY2011, staff determined that the rate structure for the Performing Arts Center was below market and did not always allow for cost recovery. However, because the increases needed to bring rates in line with the market and ensure cost recovery would have been too significant for the community groups to absorb, a decision was made to review and incrementally raise rates each year. These increases bring the rates more in line with the market and increase cost recovery. Consistent with prior years, staff recommends increasing the rates charged for labor, equipment and services at the Duke Energy Center for the Performing Arts by 3% rounded up to the nearest quarter of a dollar.

Staff also recommends rate adjustments for the Convention Center and Red Hat Amphitheater. The recommended increases mostly impact labor rates and are to ensure cost recovery.

Revised rate schedules for each facility are included in Attachment C - FY 17 Convention and Performing Arts Fee Changes. If approved, these rates will become effective July 1, 2016 for all events that have not already received a cost estimate from an event manager or production supervisor.

Water and Sewer Assessment Rates (Attachment D)

Staff Contact: Jimmy Upchurch, Public Works Department

An analysis for the costs of water and sewer line installations is completed annually. Actual costs over five years are used through a formula prescribed by the North Carolina General Statutes to calculate the appropriate assessment rate. Based on this analysis, no adjustment to the assessment is proposed for FY17. The water and sewer assessment rates are adopted annually.

Parks, Recreation and Cultural Resources (No Attachment)

Staff Contact: Ken Hisler, Parks, Recreation and Cultural Resources

Parks, Recreation and Cultural Resources fees have been included as part of this package previously. No fee adjustments are requested for FY17, and future fee adjustments will be considered pending recommendations from the ongoing user fee study.

Mr. Branch expressed concern regarding the proposed fee increase for basic ballroom and sound system rental from \$200 to \$500 and questioned the reason behind the increase with Assistant Convention Center Director Hazel Cockram responding the Convention Center upgraded the sound system and the proposed fee increase is to help recover the cost. Ms. Cockram noted the upgrade will also improve clients' ability to tie in to the sound system. Discussion took place regarding who uses the Convention Center's house system with Ms. Cockram noting even if customers use their own sound technicians, the Convention Center has staff on hand to assist.

Following further discussion, Mayor McFarlane moved to approve Staff's recommendations and adopt the ordinances and resolutions to become effective July 1, 2016. Her motion was seconded by Mrs. Crowder and put to a vote that resulted in Mayor McFarlane, Mrs. Crowder, Mr. Cox, Mr. Gaylord, and Mr. Stephenson voting the affirmative and Mr. Branch voting in the negative (Ms. Baldwin and Mr. Thompson absent). The Mayor ruled the motion adopted on a 5-1 vote. See Ordinances 560, 561, 562, 563, 564, 565, 566, 567, and Resolution 278.

ADJOURNMENT

There being no further business, Mayor McFarlane announced the meeting adjourned at 3:22 p.m.

Ralph L. Puccini
Assistant Deputy Clerk

BUDGET WORK SESSION MINUTES

The City Council of the City of Raleigh met in a work session at 1:00 p.m. on Wednesday, April 6, 2016 in the City Council Chamber, Room 201 of the Raleigh Municipal Building, Avery C. Upchurch Government Complex, 222 W. Hargett Street, Raleigh, North Carolina, with the following present.

Mayor Nancy McFarlane, Presiding
Councilor Mary-Ann Baldwin
Councilor Corey D. Branch
Councilor David Cox
Councilor Bonner Gaylord
Councilor Russ Stephenson
Councilor Dickie Thompson

Mayor McFarlane called the meeting to order at 1:09 p.m. All Council members were present except Mayor Pro Tem Crowder, who was absent and excused.

City Manager Ruffin Hall advised the Council that today's work session was the third and final session before the final budget presentation on May 17, 2016. The purpose of today's session was to share information relating to issues that the City is currently examining as part of the budget analysis process and to focus on the City's operating, capital, and affordable housing budgets. With the exception of two items relating to outside agencies, there was no action required. He emphasized that staff welcomes feedback from Council members about policy considerations and budget priorities.

These are summary minutes unless otherwise indicated.

AGENCY GRANT RECOMMENDATIONS – APPROVED AS PRESENTED

The following information was contained in the agenda packet:

The City of Raleigh provides grant funding to not-for-profit agencies through four primary grant categories: 1) arts, 2) human services, 3) community enhancement, and 4) other outside agencies. The City Council requires all outside agencies seeking financial support from the City to apply for grant funding through one of these four categories.

The City received grant requests seeking slightly more than \$2.2 million in the other outside agency grant category. Eight agencies in this category have historically received grant funding. Six of the applications received are new agency requests. Included with the agenda packet are a summary spreadsheet of all the other outside agency grant requests and the applications for the six new requests. Also included in the packet are the FY17 recommendations for arts, human services and community enhancement grants. During the April 6 budget

work session, arts and human services grant recommendations will be presented by their respective commission chairs.

The final document included in the agency grant back-up is an agency grant funding summary which provides high-level agency funding information from previous adopted budgets, requests agencies have made for FY17 funding and recommendations from commissions or grants panels, where applicable.

RALEIGH ARTS COMMISSION

Interim Budget and Management Services (BMS) Director Ben Canada notified the Council that if they were ready today, they could approve the agency grant recommendations. If Council was not ready, it would be possible to hold off until later in the budget process. A summary of grant allocation requests and recommendations were included in the Council's agenda packet. He then introduced Raleigh Arts Commission Chair Nancy Novell, who gave a brief summary of the arts grants application review process.

Ms. Novell stated that thirty-three organizations submitted applications requesting a total of \$2,001,708.00, about an \$117,000.00 or 6% increase compared to the year prior. That increase is largely due to Raleigh arts and cultural organizations' budgetary growth. However, the rise in funding requests does not reveal the full scope of these organizations' budgetary growth as grant funding caps prevent some organizations from increasing their grant requests at the same pace as their operating budgets.

The Arts Grant Program provides funding in multiple grant categories with 19 operating support requests and 14 program support requests received. Three first-time applicants submitted grant requests – Meredith College, Raleigh St. Patrick's Day Committee, and the Triangle Lebanese American Center – as well as one organization not funded since FY2015 (Raleigh Dance Theatre). Only one FY2016 grant recipient did not reapply. Ms. Novell emphasized that this program has been critical to Raleigh since its inception in 1990, bringing vitality to the community.

Councilor Thompson asked for explanation on three specific organizations that received large increases in grant allocations (Contemporary Art Foundation, PineCone, and Philharmonic Association). Linda Dallas, Raleigh Arts Commission member and Grants Committee Chair, responded with the following information.

- Contemporary Art Foundation – Last year the funding decreased due to compliance issues, all of which have been resolved. This was reflected in the foundation's scores.
- PineCone – Due to a bluegrass festival, their budget has grown significantly over the past two years. The amount that organizations are allowed to request (25%, with a cap) is based on the size of their budget. The increase in the grant allocation is based off of this increase.
- Philharmonic Association – The allocation increase is due to a combination of high ratings and eligibility for a larger request due to increased budget size.

Councilor Thompson asked why the funding for the Raleigh Little Theatre was broken out into two separate sections. Sarah Corrin, Arts Grant Coordinator, responded that the Arts Commission handles funding requests for both program support and operating support. The program support portion of Raleigh Little Theatre's grant allocation recommendation covers the summer teen theater program. The operating support funding portion covers the multi-year lease agreement that Raleigh Little Theatre has with the City, in addition to covering expenses such as utilities, building maintenance, janitorial, etc.

Councilor Baldwin asked why there was a decrease in funding for Chamber Music Raleigh. Ms. Dallas responded that due to the requests outgrowing the available funding, there are some organizations that have had to take a small cut, despite good scores.

There being no other questions, Councilor Baldwin moved approval. Her motion was seconded by Councilor Branch and put to a vote which passed unanimously. The Mayor ruled the motion adopted on a 7-0 vote. Mayor Pro Tem Crowder was absent and excused.

HUMAN RELATIONS COMMISSION

Michael Leach, Human Relations Commission Chair, reminded the Council that the City has \$520,000.00 annually to vet in Human Services grants. Thirty-six applications were received, ranging from \$5,000.00 to \$36,000.00 per agency. A spreadsheet of recommendations was included in the Council's agenda packet.

Councilor Branch asked why Southeast Wake Adult Healthcare would not be receiving funding since the City has supported them in the past. Marionna Poke-Stewart, Community Services Program Manager, responded that although they have received funding in the past, they did not meet qualifications this year. Mr. Leach clarified that each agency must meet a targeted audience, which is the homeless, elderly, youth, disabled, or substance-abusing populations.

Councilor Thompson stated that it would have been helpful to have a master funding list, including a summary of each of the four available funding areas. As the information was presented today, it is not always clear how much total funding an agency was getting from each separate area. City Manager Hall responded that there are several agencies that have applied for funding in multiple areas; however, in the future, staff can identify those agencies for clarification.

Councilor Baldwin expressed her concern with the small allocation amounts, stating that the City is not reaching the needs of the agencies. Mr. Leach responded that the Human Services grant review process does not limit how much money an agency can request and does not prohibit that agency from requesting additional funding from Council. He stated that what the City is able to administer does not meet the need (the City is able to fund 31% of requests received). Councilor Baldwin added that if the agencies are not funded through this grant allocation process, they will come to Council to ask for additional funding.

There being no other questions, Councilor Gaylord moved approval. His motion was seconded by Councilor Thompson and put to a vote which passed unanimously. The Mayor ruled the motion adopted on a 7-0 vote. Mayor Pro Tem Crowder was absent and excused.

GENERAL FUND MAJOR REVENUE UPDATE – INFORMATION RECEIVED

Chief Financial Officer Perry James presented an update on the General Fund Major Revenue with the assistance of a PowerPoint presentation. Slides during his part of the presentation included the following information that he explained further.

General Fund Revenue Types (pie chart)

- Property Tax – 52%
- Other Revenues – 22%
- Sales Tax – 20%
- Franchise Tax – 6%

Property Tax Revenue – Revaluation Year

- NC State Statute requires a property revaluation at least every 8 years.
- Revaluation of real property was last conducted in 2008. Wake County has recently approved a change to revalue every 4 years beginning in 2020.
- During a revaluation, county assessors conduct a market analysis on real property – both land and improvements – to align assessed values with local market values.
 - Raleigh valuation increased \$3.8 billion or 8%.
 - Residential property values remained flat.
 - Commercial property values increased 23%.

Property Tax Revenue Neutral Rate

- State law requires the computation and publishing of a revenue neutral tax rate.
- Revenue neutral means that the new rate applied to the revalued property tax base results in the same prior year revenue adjusted for an average growth factor.
- Final calculation of the revenue neutral rate depends on appeal results (now are estimated).
- Local governments may choose to use the revenue neutral rate or choose another tax rate to levy.
 - FY2016 Property Tax Rate - \$.4210
 - FY2017 Forecast Revenue Neutral Tax Rate - \$.3983

Property Tax Revenue (bar graph)

Property Tax Rate Scenarios

	Projected Revenue	Incremental Revenue	Impacts to \$200K home value
Neutral rate \$.3983	\$231.3m		
Neutral rate + \$.01 \$.4083	\$237.0m	\$5.7m	\$20
Neutral rate + \$.02 \$.4183	\$242.7m	\$11.4m	\$40
Neutral rate + .0227 \$.4210	\$244.3m	\$13.0m	\$46

Revenue Neutral Rate - Districts

- Assessing variables which impact the computation of the revenue neutral rate for the City's two districts including:
 - Volume of appeal; and
 - Dollar amount of appeals.
- FY2016 Downtown Service District Tax Rate \$.0786 – computation shows FY2017 revenue neutral rate to be adjusted by 1¼ to 1¾ cents.
- FY2016 Hillsborough Service District Tax Rate \$.15 – computation shows FY2017 revenue neutral rate to be adjusted by 5 to 6 cents.

Sales Tax Revenue

- Sales Tax Rate
 - Wake County Sales Tax – 6.75%.
 - State rate – 4.75% + Local rate – 2.0%.
- Components
 - 1½ cent point of sale – locally generated.
 - ½ cent state-wide per capita.
- Tax Base
 - FY2016 sales tax base remained intact.
 - Expanded taxable services effective march 1st to impact 79 counties to generate \$67m in revenue; Wake County not impacted.

Sales Tax Revenue (bar graph)Utility Franchise Tax

- Franchise Tax
 - Tax imposed on electric and telecommunication companies.
 - For example: Duke Energy Progress, PSNC Energy.
- Distribution
 - FY2015 the tax rate changed to general sales tax rate – 6.75%.
 - Allocation changed from local to statewide basis.

- Impacts
 - City benefitting from the distribution change and it has helped to offset the gap from lost privilege license revenues.

Utility Franchise Tax (bar graph)

Summary Points

- Revaluation results show combined residential and commercial growth of 8%.
- Projected FY2017 revenue neutral citywide tax rate is \$0.3983.
- Incremental \$.01 increases to the tax rate could generate \$5.7m in revenue.
- FY2016 sales tax receipts display a favorable environment with a 5.7% projected growth. Forecast for FY2017 includes a 4% growth factor over current year.
- FY2016 utility franchise tax receipts are exceeding expectation with projected growth of 6.8%. This is a positive trend to help offset the \$7.1M loss from privilege license revenue.

Councilor Thompson referenced the last slide of the PowerPoint, asking for a breakdown on the 8% combined residential and commercial growth. Mr. James responded that the residential growth was flat (0%) and commercial was 23% over an 8-year period.

GENERAL FUND UPDATE – INFORMATION RECEIVED

Interim BMS Director Canada introduced Amber Smith, Operating Budget Manager (OBM). OBM Smith stated that the purpose of today's presentation was to provide an update to Council on the current budget development process in order to gain a sense of the major components and considerations that will likely be brought forward as a budget recommendation on May 17, 2016. She encouraged the Council to provide feedback that can be factored into the final balancing decisions. She presented this information with the assistance of a PowerPoint presentation. Slides from this presentation included the following information that she explained further.

Overview

- Current Budget Status;
- Strategic Plan Implementation;
- Expenditure highlights; and
- Next Steps.

FY2016 Adopted General Fund (pie chart)

The adopted FY2016 General Fund budget is nearly \$435 million, which supports the City's major operating activities, including Public Safety, Parks, Recreation and Cultural Resources, Development Services, Planning, and other general government services.

FY2017 Budget Drivers

- Employee pay and health benefits (\$7.8M);
- Increased capital project investment (\$1.5M); and

- Annualized cost for mid-year staffing, facilities, and programs added in FY2016 (\$1.3M).

Current FY2017 Budget Status (bar graph)

OBM Smith stated that the City is fortunate to have a strong starting point for this year's budget. After funding the budget drivers, the City projects about \$9 million to fund new requests. This equates to roughly 2% of the total General Fund budget. She added that in order to maximize the City's additional revenue, the budget staff has been working to refine and prioritize needs. At this point, the expectation is to invest these additional resources to strategic plan implementation and addressing growth driven core service needs.

Strategic Plan Implementation

- Citizen survey;
- Economic development tool kit;
- Development review and permitting process;
- Emergency communication staffing;
- Transportation project delivery process;
- Compensation philosophy and structure;
- Communications policy and plan;
- Downtown cleanliness;
- Dorothea dix park planning; and
- Affordable housing.

FY2017 Expenditure Highlights

OBM. Smith stated that beyond implementing the strategic plan, the City also continues to experience significant growth in its core services, which places demand on service delivery.

Planning and Operating New Facilities

- Additional 600 acres and 12,000 square feet of new facilities to open in FY2017.
- Facilities in planning or opening in FY2017 include:
 - Forest Ridge Park;
 - Lake Johnson Woodland Center;
 - Moore Square (late summer/fall opening);
 - Horseshoe Farm Nature Preserve; and
 - Dorothea Dix Park.

She added that these facilities reflect prior commitments from the City, which are now opening and will require maintenance and program staff to support their operations.

Development Review and Inspections (bar graph)

- Additional plans review and inspections positions;
- Customer service enhancements; and
- Technology upgrades.

OBM Smith stated that Raleigh is fortunate to be such a vibrant and growing city, and one of the places that is most apparent is in the City's development review and inspection groups. Over the past 5 years, the City has seen a 51% increase in the number of permits issued. She added that the City is considering a number of new resources to provide effective responses to the development activity.

City Planning

- Growth and infill development; and
- Transit infrastructure needs.

OBM Smith stated that because Raleigh is such a highly desirable and growing community, it has unique pressure and increasing demands for effective planning services to guide that growth. Currently, the City's planning staff is operating at near peak levels, with 30 dedicated staff engaged in more than 60 active projects, with an additional 26 projects in the queue. Examples of these efforts include:

- Corridor studies that provide a vision for how the City's transportation network can better accommodate new development and a variety of transportation options, such as the Six Forks Road Corridor Study;
- Streetscape plans to help fill gaps between new development projects, such as Peace Street West; and
- Area planning to guide private and public investment in rapidly changing neighborhoods like the Cameron Village/Hillsborough Street area.

Public Safety

Slide included graph of 911 calls processed showing 12% increase in number of 911 calls since FY2012.

- ECC staffing study recommendations;
- Body-worn camera pilot program; and
- Fire apparatus replacement.

OBM Smith explained in more detail that during this past year, staff actively worked with an outside consultant on an emergency communication staffing strategy. The study undertook a broad review of current operations, staffing, and management to compare them to best practices and evaluate the effectiveness of the City's current structure and staffing levels. The study included recommendations for change to the operations and staffing that will ensure that service levels meet community expectations in addition to ensuring that the City can effectively address growing public safety needs.

Employee Pay and Benefits

- Competitive pay increase (every 1% = \$1.8 M);
- Next phase of compensation study; and
- Additional City holiday at Christmas.

COUNCILOR GAYLORD DEPARTED THE MEETING AT 1:47 P.M.

OBM Smith added that employee costs compromise more than one-half of the City's General Fund budget. Offering competitive pay and benefits is key to attracting and retaining employees and promoting a high performing workforce.

The additional City holiday at Christmas (totaling 12 per year) will allow for the City to be on the same holiday schedule as the State of North Carolina and Wake County.

Employee Pay and Benefits

- Rising health plan costs;
 - Projections indicate 18% increase.
 - Spouse and dependent coverage is a major driver.
- Allocate portion of cost increase to employees; and
- Health plan will remain competitive.
 - No reductions in covered services.
 - Maintain highly competitive individual plans.
 - Considering changes to premiums and out-of-pocket maximums.

OBM Smith mentioned that the City's health insurance plan is one of the most important benefits it provides to its employees. The city provides strong coverage for medical care, preventative care, and prescription drug coverage. Health and dental insurance is a major cost driver for the City, totaling approximately \$36 million annually for active employees and \$14 million for retirees.

OBM Smith added that while the City has benefited in recent years from modest cost increases, it is currently experiencing a significant increase since 2013, including 35% for spouses and 30% for children, which will require additional resources for FY2017. The City is actively analyzing trends and options to finalize recommendations related to the health plan. The recommendation will include allocating a portion of the cost increase to employees, which will likely be through adjustments to out-of-pocket maximums, employee premiums, and a spouse surcharge. The surcharge would be applied when a spouse is covered on the City's health plan, despite having access to another health plan via their employer. She assured the Council that even with these changes, the City's health plan will remain competitive when benchmarked against other local governments in the state.

In summary, OBM Smith provided the following statements.

- The City is fortunate to have new resources and it is placing those resources in the highest priority areas;
- This is the first full budget process since strategic plan adoption, so there will be a number of new resources matched up with making progress on various initiatives in the plan;

- In addition to strategic plan implementation, the second high priority area where the City is allocating new resources is in work groups where the City is experiencing the greatest core service delivery pressures; and
- With these two focus areas, the budget proposal will seek to balance existing service levels with new initiatives.

Next Steps

- May 17 – Proposed FY2017 budget presentation.
- June 6 – City Council work sessions begin (Mondays at 4 p.m.).
- June 7 – Public hearing on proposed budget.
- July 1 – FY2017 budget must be adopted.

OBM Smith thanked the Council Members for their time. Councilor Thompson commended OBM Smith on her presentation. Councilor Cox requested more information regarding the spouse surcharge, specifically how it will be calculated. OBM Smith responded that she would get that information to him.

FIVE-YEAR CAPITAL BUDGET UPDATE – INFORMATION RECEIVED

Interim BMS Director Canada gave an overview of the Five-Year General Capital Improvement Program with the assistance of a PowerPoint presentation. Slides from this presentation included the following information that he explained further.

Agenda

- Overview of CIP;
- FY2017-FY2021 focus;
- Future considerations; and
- Questions.

Overview – All Funds (pie chart)

Adopted FY2016-FY2020 Five-Year Plan totals \$1.046 billion.

Overview – General Capital (pie chart)

Adopted FY2016-FY2020 Five-Year Plan totals \$318.5 million.

Overview – Current Assets

- 2.5 million square feet of office space;
- 108 parks, recreation, and cultural facilities;
- 117 greenway miles;
- 28 fire stations; and
- 1,087 street miles.

Recently Completed Projects

The slide included photos of the Central Operations Facility, Kaplan Drive Traffic Calming Project, Central Communications Center, and Abbots Creek Park and Community Center.

Projects Under Way

The two slides included photos of the Raleigh Union Station, Moore Square Master Plan, Lake Johnson Woodlands Center, Performing Arts Center, Mitchell Mill Road Widening, Six Forks Road Sidewalk Project, and Avent Ferry Road/I-440 Bridge Sidewalks.

Overview

Street Improvement Program	FY16	FY17	FY18	FY19	FY20	5-yr Total
Street Resurfacing	\$7,200,000	7,563,000	7,640,000	7,870,000	8,105,000	33,378,000
Street Improvements & Paving Petitions	\$300,000	410,000	500,000	500,000	500,000	2,210,000
Intersection Improvements	\$600,000	600,000	600,000	600,000	600,000	3,000,000
Traffic Signal Installations	\$200,000	200,000	200,000	200,000	200,000	1,000,000
Bridge Repair & Maintenance	\$150,000	150,000	200,000	200,000	199,000	849,000
Neighborhood Traffic Management – Major	\$500,000	500,000	-	-	-	1,000,000
Neighborhood Traffic Management - Minor	\$175,000	175,000	-	-	-	350,000
Streetscape Program	\$600,000	500,000	-	-	-	1,100,000
Oberlin Road Streetscape	\$1,728,000	-	-	-	-	1,728,000
Subtotal	\$11,453,000	\$10,098,000	\$9,090,000	\$9,370,000	\$9,604,000	\$49,615,000

Interim BMS Director Canada noted that the Council appropriates projects in year one of the adopted budget; however, years two through five are programmed but not appropriated. Planned projects fit within planned revenue streams.

FY2017-FY2021 Focus (graph)

- Continue to invest in maintaining infrastructure;
- General public improvement;
 - Fire station renovations, downtown facilities, and emergency generators.
- Parks, Recreation and Cultural Resources;
 - Continue implementing 2014 bond referendum and significant portion dedicated to existing facilities.
- Technology;
 - Continue planning computer-aided dispatch (partnering with Wake County and other stakeholders).

- Event management system for recreational facilities.
- Performing Arts Center;
 - Continue renovations; focus on life safety improvements and interior finishes.
- Raleigh Convention Center; and
 - Continue long-term maintenance program.
- Transportation.
 - Continue implementing 2013 bond program.
 - Projects in design phase (Old Wake Forest Road, New Hope Church Road, Pleasant Valley Road, and Tryon Road – Part C).

Street Resurfacing (bar chart)

- City maintains 1,087 street miles;
- Use combination of City crews and contracted vendors; and
- Optimal schedule.
 - Research suggests 5% per year
 - Leads to a 20 year cycle
 - Yields a “smoother ride”

Future Considerations

- Linking future capital plans to the citywide Strategic Plan;
- Dorothea Dix park (land and remediation, planning, development);
- Downtown City facilities;
- Affordable housing;
- Public safety training facilities;
- Corridor improvement plans; and
- Transportation improvements (transit, parking facilities).

Councilor Baldwin pointed out that there have been a number of studies completed in regard to the Corridor Improvement Plan, but there is no way to pay for them. She asked when the City would begin implementing the plan versus studying. Interim BMS Director Canada responded that if the City wants to move forward they must decide “how” and “how much.” City Manager Hall added that on the scale and scope of the project, it would be considered under a future bond referendum, which is up to Council’s discretion. He mentioned that this October or November might not be the best time. The Council and City staff would want to spend a considerable amount of time developing this plan during the next budget year.

Councilor Thompson asked what party system is used for the resurfacing program. Transportation Field Services (TFS) Manager Chris McGee responded that there is a pavement condition rating that collects data into a spreadsheet and weighs it based on impact and longevity. With each generated value (from 1-100), the City focuses on resurfacing roads with ratings of 80 or less.

Councilor Thompson confirmed that if an existing road does not have curbs or gutter it will be patched, not repaved. TFS Manager McGee stated that although this is the case, he believes it

should be discussed and re-addressed in the future. Councilor Thompson and Councilor Cox agreed, and City Manager Hall mentioned that the Council may want to address this issue in the Transportation Plan.

Councilor Branch asked if there are there any conditions that will slow the City down or overrun planned budgets of current projects. Interim BMS Director Canada responded that about nine months ago, City staff briefed Council on market conditions that the City is experiencing. There is a supply and demand problem, particularly for transportation needs that could present budget challenges. Unfortunately, this resulted in asking Council to move funds around. Similar budget challenges may occur for these projects.

Councilor Cox stated that in regard to the 2014 parks bond, he would like to see timelines for all projects in order to assist his understanding of why they take so long. Using the Brentwood Center as an example, he mentioned that there is a very long time between approval and seeing results. He would like to use these timelines as information to communicate back to his constituents.

Councilor Baldwin expressed her concern with the parks planning process, stating that the two-year planning timeline has hurt City efforts to build parks that were planned for the bond. She wants to address the fact that the planning process is hurting. Councilor Cox agreed.

Councilor Cox asked if the event management system for the parks would include being able to reserve tennis facilities. Interim BMS Director Canada asked Assistant Parks, Recreation and Cultural Resources (PRCR) Director Scott Payne to assist with providing an answer. Mr. Payne responded that this software would be growing what the City has already been using and providing an opportunity for the special events office staff to better manage their resources.

Councilor Cox asked for insight on what is needed to reach 5% on street resurfacing. TFS Manager McGee responded that it would take about \$12.5 annually. Interim BMS Manager Canada clarified that would equate to an approximate 1 cent increase in property taxes.

City Manager Hall stated that the City is covering a variety of different public service areas. Raleigh is rapidly growing with a lot of projects. He both complimented staff and cautioned Council about the operating impacts of adding all of these projects. Specifically, these new facilities require staffing, maintenance, etc. He added that staff is trying to do a better job of determining the operating cost impacts and pay closer attention to the cost to operate and maintain the facilities while representing various interests. He lastly thanked the staff for bringing forth the information early in the process.

AFFORDABLE HOUSING – INFORMATION RECEIVED

Housing and Neighborhoods (H&N) Director Larry Jarvis stated that expanding affordable housing choices is essential to maintaining the high quality of life that Raleigh enjoys. To remain a leading city in the creation of affordable housing, a permanent funding source is needed. He began a presentation on funding for affordable housing with the assistance of a

PowerPoint presentation. He reminded the Council that all of the information is based off of the City's Strategic Plan. In addition to the above information, Council was provided with copies of the Affordable Housing Location Policy, the Affordable Housing Improvement Plan (both of which were approved by Council on September 1, 2015 and October 20, 2015 respectively), and a table depicting production levels if local funds for affordable housing are approved. Slides from the PowerPoint presentation included the following information that he explained further.

Topics for discussion:

- Affordability challenge review;
- Historic funding and investment review;
- Recap of adopted Affordable Housing Plan; and
- Permanent funding source options.

City of Raleigh's Strategic Plan – Safe, Vibrant and Healthy Community:

- Objective 2: Preserving and increasing the supply of affordable housing.
- Objective 3: Creating walkable, mixed-use and mixed-income neighborhoods.

Key definitions:

- Cost burdened: More than 30% of income for housing and utilities;
- Severely cost burdened: More than 50%; and
- Combined housing/transportation metric: "Cost burdened" if paying more than 45% for housing, utilities and transportation.

Components of the affordability challenge:

- Strong demand for near-downtown living (national trend);
- Resulting rise in property values and loss of existing affordable housing;
- Weak links to transit planning; and
- Diminished role of the federal government.

Cost Burdened Renters By Income	Housing Expense Exceeds 30% of Income	Housing Expense Exceeds 50% of Income
Income <= 30% AMI*	14,290	12,300
Income >30% to <=50% AMI	11,830	3,640
Income >50% to <=80% AMI	<u>5,789</u>	<u>489</u>
Total	31,909	16,429

Cost Burdened Homeowners by Income	Housing Expense Exceeds 30% of Income	Housing Expense Exceeds 50% of Income
Income <= 30% AMI	3,003	2,473
Income >30% to <=50% AMI	3,448	1,888
Income >50% to <=80% AMI	<u>6,486</u>	<u>1,884</u>
Total	12,937	6,245

*AMI: Area Median Income

Accomplishments highlights:

- Affordable Housing Location Policy;
- Affordable Housing Improvement Plan;
- Neighborhood Revitalization Strategy Area Plan;
- Successful launch of 4% bond program; and
- Affordable housing preserved on three sites by CASA.

Washington Terrace before and after photos.

Affordable Housing Location Policy:

- Applies only to newly constructed rental projects > 24 units;
- Exempts projects for the elderly or disabled;
- Not allowed in areas having minority, low income or subsidized concentrations; and
- Exemptions to the concentrations prohibition.
 - Proximity to transit;
 - Within the boundaries of the Downtown Element; and
 - Implementing elements of the neighborhood revitalization plan approved by City Council.

Maps: Race and Poverty/Housing Units by Census Tract map.

Meadowcreek Commons 48 units – City Subsidy \$25,000 per unit – photo.

Major objectives of the Affordable Housing Plan:

H&N Director Jarvis stated that Raleigh has one of tightest rental markets in the country. Finding units to place people in is difficult.

- Emphasize increasing the supply of affordable rental units;
- More strategically influence location;
- Maximize development capacity;
- Preserve existing affordable units; and
- Maintain diversity and housing choice in near downtown neighborhoods.

Water Garden Park – 96 units City subsidy - \$13,750 per unit – photo.

Historic funding and investments (5 year annual averages)

		Amount	Units/Year
Rental Development	HUD* Funds	\$4,490,372	75
	Bond Funds	\$565,600	83
Homeowner Rehab	HUD Funds	\$650,000	10
	Bond Funds	\$355,000	5
Homeowner Repair	HUD Funds	\$0	0
	Bond Funds	\$300,000	35
Homebuyer Loans	HUD Funds	\$0	0
	Bond Funds	\$1,200,000	60
Neighborhood Revitalization	HUD Funds	\$800,000	0
	Bond Funds	\$200,000	0

**HUD: Housing and Urban Development*

Autumn Spring – 48 units – City subsidy - \$17,708 per unit – photo.

Recap of Bond Funds, Commitments, Pending Commitments

Estimated Resources as of February 2016	\$18,422,648
Commitments Against Available Funds	
Multi-Purpose Intake Center	(\$1,648,000)
Rental Developments	(\$9,050,000)
First Time Homeownership	(\$635,000)
Homeowner Rehab	(\$300,529)
2016 Housing Credit Applications	(\$3,900,000)
Total Commitments:	(\$15,533,529)
Estimated Available Resources after Commitments:	\$2,889,119

Rental developments (Commitments: \$9,050,000.00):

- Downtown Housing Improvement Corporation's (DHIC) Villages at Washington Terrace – 162 units - \$6.8M.
- Community Alternatives for Supportive Abodes' (CASA) Sunnybrook Village Apartments – 42 units - \$1.5M.
- Taft Development Group's Wakefield Commons Apartments – 80 units - \$750K.

2016 housing credit applications (Commitments pending City Council approval): \$3,900,000:

- DHIC's Capital Towers – 298 units - \$2.8M.
- Steele Properties' Raleigh North and Millbank Court – 229 units – \$1.1M.

AFFORDABLE HOUSING IMPROVEMENT PLAN COMPONENTS:

- Since 9% low income housing tax credit fully utilized in Wake County – solicit and support 4% projects.
 - Up to \$6.8 million committed to Village at Washington Terrace (162 units).

- Reviewing two applications requesting \$3.9 million for the preservation of 527 units.

Carlton Place – 80 units – City subsidy - \$15,000 per unit – photo.

- Provide site acquisition assistance for Low-Income Housing Tax Credit (LIHTC) projects in strategic locations:
 - Near planned transit improvements.
 - Near downtown.
- Infill Homeownership Development program:
 - Gap financing for acquisition and redevelopment of blighted properties.
 - Good fit for Habitat for Humanity.

Habitat for Humanity – photo.

- Affordable rental preservation/creation:
 - Forgivable loans for acquisition of smaller properties (40% affordable; 60% market rate).
 - Open application window for public/private redevelopment partnerships (the Washington Terrace model).
- Development of Downtown Neighborhood Revitalization plans:
 - Neighborhood Revitalization Strategy Area (NRSA) Plan approved by Council for College Park and Washington Terrace area.
 - Allows for mixed-income homeownership on sites acquired with Community Development Block Grant (CDBG) funds.
 - Makes applications for 9% LIHTC projects more competitive.

PERMANENT AFFORDABLE HOUSING FUNDING SOURCE OPTIONS:

**OPTION 1: DOWNTOWN SYNTHETIC TAX INCREMENT FINANCING (TIF)
(VALUE CAPTURE)**

Finance calculation: Capturing 50% of the increase in property tax revenues in FY17 would equal only \$84,000.

Program	Amount	Units Added to Historic Production levels
Rental Development*	\$84,000 (in FY17)	0
*Gap financing for 4% bond projects, preservation of existing units and site acquisition assistance.		

Synthetic TIF assumptions:

- Modeled using the existing downtown service district boundary.
 - District size represents less than one square mile and 90 blocks.
- Downtown Service District annual growth – 2.01% over revaluation period.

- District size is 3.65% of citywide tax base.
- Calculated using the proposed revenue neutral rate \$.3983

	Raleigh	Downtown MSD* @ Raleigh Rate	Downtown MSD % of all Raleigh
Revalued 2017 Base	57,407,000,000	2,098,022,766	3.65%
Annual Growth	1.8%	2.01%	-
Revalued Base	1,016,273,422	42,161,380	4.15%
Estimated Annual Growth			
Taxes from Growth	4,047,334	167,909	4.15%
50% of Tax Growth	2,023,667	83,954	4.15%

**MSD: Municipal Service District*

OPTION 2: GENERAL FUND ALLOCATION TO AFFORDABLE HOUSING

Program	Amount	Units Added to Historic Production Levels
<u>0.5 cents of property taxes for FY17</u>		
Rental Development* Annually	\$2,850,000	50-75 units
<u>Pros:</u>		
<ul style="list-style-type: none"> • Can provide significant funding without incurring debt; • Amount will continue to increase with growth; and • Simple and straightforward. 		
<u>Cons:</u>		
<ul style="list-style-type: none"> • Allocation would require property tax rate to increase or forego other City needs. 		
<i>*Gap financing for 4% bond projects, preservation of existing units and site acquisition assistance.</i>		
<u>1 cent of property taxes for FY17</u>		
Rental Development* Annually	\$5,700,000	100-150 units
<u>Pros:</u>		
<ul style="list-style-type: none"> • Can provide significant funding without incurring debt; 		

- Amount will continue to increase with growth; and
- Simple and straightforward.

Cons:

- Allocation would require property tax rate increase or forego other City needs.

**Gap financing for 4% bond projects, preservation of existing units and site acquisition assistance.*

OPTION 3: SCHEDULED BOND ISSUANCES (IN AMOUNTS EQUALING 0.5 OR 1 CENT ON THE TAX RATE ANNUALLY)

Production level would be the same as Option 2.

Pros:

- Allows more direct matching up funding needs to evolving housing plans;
- Has direct voter participation in approving bonds for set purposes; and
- Bonds issues can be delayed or amounts changed if conditions warrant.

Cons:

- Involves ongoing referendum processes to get approval for bonds with risks of non-approval;
- Future funding requirements must be projected well in advance;
- Includes issuance costs for every bond issue; and
- Not a permanent recurring source.

Illustrative Sources and Uses *without* Permanent Funding Source

ANNUAL SOURCES

Federal HOME Funds	Federal CDBG Funds	Total
\$1,500,000	\$2,800,000	\$4,300,000

ANNUAL USES

	Federal HOME Funds	Federal CDBG Funds	Total	Annual Production
Rental Development	850,000	0	850,000	75
Homebuyer Rehab Loans	650,000	0	650,000	10
Homeowner Repair Loans	0	300,000	300,000	35
Homebuyer Loans	0	1,200,000	1,200,000	60
Neighborhood Revitalization	0	1,000,000	1,000,000	0
Infill Homeownership	-	300,000	300,000	10
Sum Total of Uses	\$1,500,000	\$2,800,000	\$4,300,000	190

Illustrative Sources and Uses with Permanent Funding Source

ANNUAL SOURCES					
	Federal HOME Funds	Federal CDBG Funds	Local Funds		
	\$1,500,000	\$2,800,000	\$5,700,000		
ANNUAL USES					
	Federal HOME Funds	Federal CDBG Funds	Local	Annual Production	Change in Annual Production
Rental Development	850,000	0	5,000,000	200	+125
Homebuyer Rehab	650,000	0	700,000	20	+10
Loans					
Homeowner Repair	0	300,000	0	35	0
Loans					
Homebuyer Loans	0	1,200,000	0	60	0
Neighborhood	0	1,000,000	0	0	0
Revitalization					
Infill Homeownership	0	300,000	0	10	0
Sum Total of Uses	\$1,500,000	\$2,800,000	\$5,700,000	-	-
Total Annual Production:				325	+135

**CDBG: Community Development Block Grant Program*

Mayor McFarlane asked H&N Director Jarvis if the amount of CDBG funding received would be influenced by the City's allocation of funding. He responded that City contributions do not leverage any potential funds.

Councilor Stephenson asked if other non-profit developers would be able to use these funds to leverage their existing resources. H&N Director Jarvis responded that they could, and with a 9% credit, approximately 50% of the project cost would in the form of equity.

Councilor Baldwin asked if the City looked at using a hybrid program at a ½ cent increase, supplemented with a bond for flexibility purposes. H&N Director Jarvis responded that although the City has not previously used a hybrid model, that option can be discussed. He reminded the Council that regardless of the amount of money issued, the bond issuance would still be present, meaning that it does not make sense to do small bond issues and pay high issuance costs. City Manager Hall further explained that the bond issuing is not a funding strategy, but rather a finance strategy because the City needs to repay the bonds. This is something that is used to accelerate projects quickly but is not a funding source.

Councilor Stephenson asked about downtown synthetic tax increment financing and whether it would be a stagnant or growing number over time. H&N Director Jarvis responded that it would be a growing number.

Councilor Branch referenced the slide regarding affordable rental preservation and creation. This slide indicated an option for forgivable loans for acquisition of smaller properties that are 40% affordable and 60% market rate. He asked what the rationale is between 40% affordable/60% market rate versus 60% affordable/40% market rate. H&N Director Jarvis responded that it relates to leveraging other dollars. If the forgivable loans were 60% affordable, the loans would not be able to support as much debt.

Councilor Baldwin asked how many affordable units per year the City is attempting to acquire. H&N Director Jarvis responded that there is not a set number yet because City staff wanted to have the conversation with Council first. He noted that everyone agreed to significantly increase production.

Councilor Cox asked how many units of affordable housing the City needs. H&N Director Jarvis referenced the chart from his presentation showing cost burden to renters, stating that in theory, the City needs 32,000 additional units. Since the City will never be able to achieve that, 32,000 is not a realistic figure. He added that there is no magic number, emphasizing the intention to under-promise and over-deliver.

Councilor Baldwin asked what was needed from the Council at today's meeting. H&N Director Jarvis responded that today's presentation was simply for informational and feedback purposes. City Manager Hall added that affordable housing represents a significant part of the City's budget recommendation and the key policy goals of the Council.

Councilor Stephenson asked about the optimum production that the City can afford. He understands that no city can ever meet all of the cost-burdened family needs; however, at least the City can benchmark what they do with other communities that are working hard on this issue. H&N Director Jarvis responded that with the Council's approval of the Affordable Housing Plan, the City should be on par with Charlotte and ahead of any other major city in North Carolina.

Councilor Baldwin stated that the City should be looking at communities internationally rather than statewide. She said the City has spoken for many years about incentivizing with developers to build more affordable housing with little to no movement, mostly due to restrictions from the state. She asked if there had been any thought to communicating with the development community to get more serious about including affordable units in their private developments. H&N Director Jarvis responded that most of the rental development is completed by developers who want to get the properties leased up as quickly as possible before selling to an institutional investor. It is rare that an investor will develop a property, rent it, manage it, and hold it. He added in this rare case, there still might be some opportunity to work with the developers to incentivize including some affordable units, but because of the model by which most rental development is accomplished, it is not feasible to mix them because the financial structures are completely different. With the 4% bond deal, the City has opened a gigantic door of options. He stated that the City needs to explore the full potential for affordable rental creation.

Councilor Thompson asked for clarification on the Area Median Income (AMI) figures and whether they are citywide or zone-specific. H&N Director Jarvis responded that the figures are

based upon Wake County and completed by Housing and Urban Development (HUD). Currently for a family of four, the median income is \$78,000 at 100%.

Councilor Baldwin stated that if there is a transit referendum in November, affordable housing will go hand-in-hand with that. She added that if the City is going to make the commitment to transit, it will also need to make a commitment to affordable housing. She referenced the statistics of homeless children in the City, stating that the City is attracting more and more homeless citizens due to the services available to support them.

Councilor Cox recognized that the City has both local and federal funding sources. He asked for clarification on what state funding for affordable housing is available. H&N Director Jarvis responded that the North Carolina Housing Finance Agency administers the LIHTC program and receives the home funds that are available to non-entitlement communities in North Carolina, but the City of Raleigh is not eligible. He added that at one time there was a state tax credit that supplemented the LIHTC program, but it was eliminated by legislature. This was replaced by a different state program for which projects in Wake County would not be eligible.

Mayor McFarlane stated that the City has seen a significant number of decent, affordable apartment complexes torn down. She asked if the City could work with owners to discuss rehabilitation of units. H&N Director Jarvis responded that the City can do this; however, in recent cases the City is seeing numerous above-asking-price offers from non-profits being outbid by developers.

Councilor Stephenson asked a question regarding the North and Millbank Court 2016 housing credit application and if they would continue to be project-based Section 8. H&N Director Jarvis responded that the apartments would continue to accept Section 8 vouchers. Councilor Stephenson stated that the City should be thinking about affordable housing and other investments that improve the equitable treatment of citizens and reduce income inequality. Affordable housing will aid in creation of construction jobs, job training, improvements of neighborhood and housing values, and workforce productivity. He added that when the City reduces the cost burden of housing and transportation, it allows for families to have more money to spend in other areas of the economy.

Councilor Baldwin asked the Council Members for clarification on the direction they would like to take relative to affordable housing. Councilor Stephenson responded that he would like to see international benchmarking. Mayor McFarlane stated she is interested in knowing how to prevent the teardowns of decent apartment complexes. Councilor Baldwin responded it is an economic reality that developers are willing to pay a lot more for property than the City or a nonprofit can, adding that unless the City is willing to pay higher prices for land, she doesn't see how the City can change market conditions.

Mayor McFarlane asked if there was a way to encourage developers to participate with the City to provide more affordable units.

Councilor Branch agreed with Councilor Baldwin regarding the need for affordable housing in the community. He emphasized the need to stay focused on this issue due to the cry in the community for affordable housing. He stated that not only does he want to use other cities to benchmark, he wants other cities to benchmark against Raleigh. H&N Director Jarvis referred to the Affordable Housing Plan, where the City looked at Atlanta, Seattle, Denver, Montgomery County, and Charlotte for benchmarking purposes.

Councilor Cox confirmed that when properties are rezoned, the City cannot require affordable housing. He asked if the City can ask developers to provide affordable housing as part of the rezoning process. City Manager Hall responded that the question is better suited for the City Attorney's office and he would find out and provide that answer to Council.

ADJOURNMENT

Interim BMS Director Canada announced the conclusion of the budget work session. He added that the full proposed budget would be presented at the May 17, 2016 meeting. There being no further business, Mayor McFarlane announced the meeting adjourned at 3:00 p.m.

Cassidy R. Pritchard
Assistant Deputy Clerk

